

# CALIFORNIA RURAL COUNTIES TASK FORCE

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## AGENDA

January 16, 2004

12:30 pm

Room 2116

Caltrans HQ – 1120 N Street, Sacramento, CA

12:30	A	Self Introductions	
12:40	B	Approve minutes of Nov. 21 and Election of Secretary	all
12:50	C	Transit Updates • Amtrak Bus Connections	J. Smith M. Paul
1:00	D	Air Basins/Air Quality Conformity	M. Woodman
1:15	E	Master Fund Transfer Agreements, OWP and RPA Funding.	S. Scherzinger
1:25	F	Legislation	
1:30	G	State Budget	TBD
1:45	H	PPM Funding	C. McAdam
2:05	I	2004 STIP	D. Brewer
2:20	J	Minimum Project Size	G. Dondero
2:35	K	Annual Report to CTC	G. Dondero
2:45	L	Project Delivery	G. Dondero
2:55	M	RCTF Issues and Objectives	Various
	N	Other	
3:00		Adjourn	

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**TO: TASK FORCE MEMBERS**

**FR: George Dondero, Chair**

**RE: AGENDA NOTES FOR January 16, 2004**

B. **Approval of minutes.** Many thanks again to Gerry LeFrancois of Mono County, our outgoing secretary for the past year. As we promised Gerry a year ago, we will elect a new secretary for the coming calendar year. Any volunteers?

C. **Transit Issues.** Jake Smith of Mass Transportation Division will provide updates on recent developments. Dan Landon of Nevada County was selected as the Task Force representative on the new TDA advisory committee being formed by Caltrans. Task Force alternates will be John Jelichich, Derek Winning, Pam Couch and George Dondero.

**Amtrak Bus Connections.** In 1999, SB804 was enacted placing restrictions on Amtrak feeder bus service. The Bill was sponsored by Greyhound in an attempt to limit what Greyhound saw as unfair competition. While the Bill may have had some positive results, there have also been negative ones. One restriction in the Bill prohibits passengers from using Amtrak bus service unless they are also connecting to a train in situations where Greyhound offers service in the area. Calaveras Transit has run into this problem in making connections at the Lodi Multi-Modal terminal where many Amtrak buses stop and could provide good connecting service for Calaveras passengers. However, under current law they cannot buy tickets on the Amtrak bus service unless they also buy a rail ticket. Matt Paul from Caltrans Division of Rail will be available to answer questions about this issue. The attached memorandum explains the legislation and provides some suggested fixes.

D. **Air Basins/Air Quality Conformity.** A new wrinkle in the Air Quality Conformity game has been visited upon several rural counties. Recently, letters went out from U.S. EPA that the California Air Resources Board (ARB) recommendations regarding formation of air basins for rural counties now found to be non-conforming in air quality standards, would not be accepted by EPA. These counties were informed they would be joining larger urban adjacent air basins such as Sacramento and San Joaquin. This policy decision has major ramifications for the future of transportation projects in these counties, which include Nevada, Amador, Calaveras, Tuolumne and Mariposa. Nevada has been the first county to step out and formally request that EPA reconsider their decision. Mike Woodman, Transportation Planner from Nevada County will lead a

discussion on their efforts to date and what this means for transportation planning in his county. Other counties may take note as many areas could be the victim of future "transport" ozone pollution from neighboring air basins. Attached are documents from Nevada County prepared as a response to the EPA decision.

**ARB Cleaner Diesel Proposal.** Mary Pitto from RCRC will lead discussion on this proposed mandate.

- E. **Master Fund Transfer Agreements, OWP and RPA Funding.** Sharon Scherzinger will answer any questions on the recent round of questions regarding the new Caltrans Master Fund Transfer Agreement. Attached are a list of Q & A's resulting from questions raised by local agencies.

The new OWP guidance for 2004-05 is being released this week. Some agencies have commented that the guidance is being issued late in the game, however Sharon will address any questions you might have on your draft OWP for next year. Apparently no major changes have been made in the guidelines and agencies may safely use last year's guidance in formulating their OWP.

Sharon will also address the status of RPA funding in the state budget.

- F.G. **Legislation and State Budget.** Enclosed is a brief memo from Deanne Baker of CSAC regarding implications of the Governor's proposal for transportation funding. Deanne could not join us this week. She is carefully monitoring actions in Sacramento regarding changes in funding that could impact local agencies. If you have any specific questions for Deanne, please send them along to me and I will make sure that we get answers. Also attached are minutes from a conference call with Sunne Wright McPeak, Secretary of BT&H. this conference call addressed the Governor's new budget proposal and the Secretary's comments on it. Thanks to Dianne Nguyen of San Joaquin COG for preparation of these notes.

**PPM Funding.** At the December RTPA group meeting, a committee was organized to develop a presentation for the CTC at their January meeting. Celia McAdam is leading this effort and will provide the presentation and answer any questions you might have regarding PP& M funding. As stated at the November Task Force meeting, counties have been told not to expect 2003-04 PP&M funding if it has not yet already been allocated. The presentation to the CTC does provide a specific request for action from the Commission, including an allocation of PP&M to counties of less than 1M. Please see the attached table for the proposed allocations.

- I. **2004 STIP.** David Brewer will be on hand from CTC staff to answer your questions regarding development of your 2004 RTIP and the current state of the STIP Fund Estimate. As many people have already noted, the proposed suspension of Proposition 42 will have an immediate impact on the Fund Estimate. However, it is likely the Commission will go forward and adopt the STIP since resolution of the State Budget is not likely to happen quickly. It may be necessary at a later date to mend the 2004 STIP as currently adopted, once many of the unknowns are answered. These unknowns include: 1) Adoption of a State Budget and 2) Reauthorization of TEA-21, if it does occur before the November election.
- J. **Minimum Project Size.** At the December meeting, the Commission set aside their requirements to establish a larger minimum project size for programming within the STIP

on the condition that the regions, including the rural counties, come back within six months with a new proposal. This item was discussed at the November Task Force meeting and members reluctantly agreed to a \$20,000 minimum project component size for inclusion in the STIP. We need to reopen that discussion and try to come to a consensus as to what the rural counties really desire if this policy is to be changed. It is likely we will have to propose something between the current \$1,000 minimum and the \$100,000 minimum as proposed by CTC staff in December. Staff has noted that we should be addressing project component rather than total project cost to make it easier for tracking purposes.

- K. **Annual Report to CTC.** Enclosed is the annual report to the Commission. This year, the Task Force report was not included in the report to the Legislature. This will be presented to the Commission at their January 22<sup>nd</sup> meeting.
- L. **Project Delivery.** Since May 2003, most of the counties in District 10 prepared a White Paper regarding their concerns over Project Delivery of STIP projects. The paper attempts to take a constructive approach to working with Caltrans toward improving the delivery process. Many specific examples cited in the paper provide basis for the suggestions. The paper was made public by one county and has received much attention in the local press. Amador, Calaveras, Tuolumne, Mariposa and Alpine counties are the rural counties in District 10. Your county may have similar concerns over Project Delivery processes in your district. You may want to get familiar with the paper before the Project Delivery Workshop planned by Charles Field. It will occur prior to a regular Task Force meeting in the near future (date TBD).
- M. **Issues and Objectives.** Individual reports on various committees and issues from Task Force members.
- N. **Next Meeting.** March 19, 2004 12:30pm

**Rural Counties Task Force Meeting  
Minutes of November 21, 2003**

Chair, George Dondero, opened the meeting, self-introductions (agenda item a) and approval of minutes followed (agenda item b).

**Agenda Item C – RCTF Schedule for 2004**

All the meetings are scheduled at Caltrans HQ in Room 2116. The dates for 2004 are as follows: January 16, March 19, May 21, July 16, September 17, and November 19.

**Agenda Item D – Joint Conference with CalAct**

**Discussion and Evaluation**

Pete Spaulding thanked Celia, George and the other RCTF members who made the joint conference a great success. Someone commented that the lunch table topics were a good way to network with other conference members. The conference for next year is tentatively scheduled for September 28 through October 1. A suggestion was made to consider moving the September 17 RCTF meeting to the conference. George and Pete will look into this option. The reception for Commissioner Tavaglione did not happen as planned, but a big thank you goes out to Diane Eidam for filling in at the last moment. RCTF will try again next year to have a reception for the rural county CTC commissioner.

**TDA – reform or renewal?**

Mark Wall, Jake Smith, and Jay Norvell presented at the CalAct conference discussion on TDA. Jake Smith reiterated Division of Mass Transportation's desire to form a TDA Advisory Committee in order to work through problems and get on the same page with various TDA concerns. Gordon Arruda handed out a TDA Advisory Committee Proposal. The Committee members could be asked to serve 1-2 years or on a rotational basis. Other suggestions include a senior population representative and someone from the Department of Aging to address the concerns of elderly transit riders. Mass Transportation is hoping to have this committee in place by the end of December. Jake asked RCTF for possible members.

RCTF TDA Committee volunteers are: Dan Landon, John Jelicich and Derrick Winning . Alternate RCTF members are: Pam Couch and George Dondero. Caltrans will make final selection of a representative from this list.

**Agenda Item E – Transit Updates**

Jake Smith, Nicole Bennett, Juan Guzman and Gordon Arruda were present from the Division of Mass Transportation. Jake Smith gave the following updates. He announced 5310 workshops around the state starting in January. Chris Herre is the contact for 5310 workshops. A 5311(f) Program Improvement Committee is being formed. Suggestions for Committee members will be accepted until December 12. Please contact Helen Louie if you need more information. A

Multi-State Technical Assistance Program is in the works. This program would pool funds to work on projects of interest to various state DOT's. Lastly, Transit Training Courses are being offered around the state. Mass Transit is working on partnering with Pepperdine for contracts regarding management training courses. If you are interested in this item please contact Dee Berry.

Pam Couch suggested that for some small agencies it is very difficult to attend a one day class when travel distances are long. She suggested a three to five day "boot camp" to offer multiple classes while reducing travel costs. One workshop could be held in northern and one workshop in southern California.

Juan Guzman discussed funds that require Cooperative Work Agreements. Funds requiring Cooperative Work Agreements for fiscal year 2001/2002 must be spent by June and cannot be reprogrammed. There are approximately 45 projects with 25 agencies that funding could lapse in June. I missed part of this discussion so contact Juan Guzman at Caltrans if you have any questions about this item.

Nicole Bennett provided an overview of the six year \$375 billion TEA reauthorization working its way through the house. The house bill provides \$375 billion in funding a 72 percent increase over TEA 21 and a 52 percent increase over the administration's reauthorization bill. No one knows what the final version of the bill will contain due to the fact that 2004 is an election year.

### **Agenda Item F – Legislation and State Budget**

Joan Borucki was not able to attend.

Pete Spaulding provided a handout on a legislative issue that CalAct is following. The Air Resources Board is holding two workshops on proposed modification to the "Fleet Rule" for transit agencies. Visit the ARB website for more info ([www.arb.ca.gov/msprog/bus/bus.htm](http://www.arb.ca.gov/msprog/bus/bus.htm)). CalAct is tracking this and has some major concerns.

AB 392 (Montanez) would mandate Environmental Justice and Community Transportation Planning grants from the Federal Transit Administration.

ACA 14 (Steinberg) would lower voter thresholds on special taxes to 55 percent.

SCA 11 (Alarcon) a two-year bill that lowers voter thresholds on bonds for infrastructure and special taxes from 67 percent to 55 percent.

Proposition 56 – Budget Accountability – will be on the March ballot and requires a budget to be passed on time, reduces the threshold of budget passage from 67 percent to 55 percent, requires the Legislature to remain in session until budget is adopted and other requirements. Visit [www.budgetaccountabilitynow.org](http://www.budgetaccountabilitynow.org) for more information.

Pete also mentioned that the Legislature has established a California Legislature Rural Caucus. The website is: [www.assembly.ca.gov/ruralcaucus](http://www.assembly.ca.gov/ruralcaucus)

### **Agenda Item G – PPM Funding**

PPM funding was discussed under Item I.

### **Agenda Item H – RSTP Exchange Program**

Lack of state funds puts this program in jeopardy. If you exchange RSTP funds for state dollars, contact Terry Abbott or Kathie Jacobs will get in contact with Terry.

### **Agenda Item I – 2004 STIP Fund Estimate**

David Brewer stated the fund estimate is basically zero. Any new projects funded in 2004/05 will be TEA projects. The draft fund estimates has yearly targets for TEA and non-TEA projects. Your respective 04 RTIP's should meet these targets. The targets are not fixed and could be changed by the CTC. The projects programmed in the 2002 RTIP will be respread into the 2004 RTIP (over 5 years). Cost increases for projects may not be available and unprogrammed balances are not available to counties and/or the CTC. The fund estimate will probably change before it is adopted on Dec. 11<sup>th</sup>.

David stated the one wild card in all of this is the GARVEE Bond process. The actual policy of GARVEE limits the CTC. GARVEE Bonds may be applied to projects on a statewide basis, but the capacity of the STIP does not increase with more GARVEE Bonds.

PPM's – Do not expect any PPM dollars this year (this assumes the 03/04 dollars will be available in 04/05). Approximately 15 counties will need to reduce their programmed PPM's because of reductions in the STIP. Is there any possibility for reimbursements for 03/04 PPM's (David did not think so?).

Question on State Only Funding – There is none right now, but David feels this may be less of a problem in the future. If proposition 42 funds come through, these funds are SOF.

All pending allocations will be subject to reprogramming in the 2004 STIP. If you are already on the pending list, it will carry over. If you need extension for your projects, file for it.

Due to limited time, David left, but encourages everyone to read the fund estimate and work through their respective CTC liaisons. Stay tuned.

### **New Guidelines & \$100,000/RTIP Schedule**

The Guidelines are proposed to be adopted on 12/11. These guidelines will effect STIP amendments in 2004. The \$100,000 minimum is the big questions. CTC feels it is not a valuable use of their time in dealing with amounts under \$100,000. There should be other funds available for amounts under \$100,000. There were suggestions of delegating sub \$100,000 amount to the district offices and since there is not any money, why are we wasting time with project minimums? See Phil Dow's letter on this to Chairman Kirk Lindsey. RCTF members supported \$20-25,000 minimums for non-construction components.

### **Agenda Item J – GARVEE Bonds for Rural Agencies**

Discussed with item I. What impact would GARVEE have on cash flows (for future STIP cycles)? Charles Field thinks this is an important issue (the more GARVEE bonds, less money available to the STIP). GARVEE Bonds will probably be for big projects, inter-regional and or gateway projects.

### **Agenda Item K – Regional Planning and Overall Work Programs**

Pam Couch was concerned about the lack of specific comments at the district and HQ level.

Sharon S. stated that OWP's need to be adopted on time and a new checklist will better state what is required versus what is recommended. The new guidance package should have something on indirect cost allocation plans.

Sharon S. stated that all RTPA will be getting new Master Fund Transfer Agreements, and she will send out an email about this to all RTPA's.

The Regional Transportation Plans evaluation and supplement issues will be on the CTC agenda in November. Remember, your RTP's need to support the projects you and or Caltrans programs into the RTIP/STIP.

### **Agenda Item I – RTIP Schedule**

Kurt Scherzinger, STIP Office Chief, handed a print out of the website devoted to the 2004 STIP. The address is: <http://stip.dot.ca.gov> The use of this web site could make your job easier so check it out. Read the general instructions. Fact and funding sheets are only required for the following items: scope changes, changes to the implementing agency, new programming and substantial changes to project funding.

RTIP's are due by April 12, 2004. The north state hearing will be May 12, 2004 in Sacramento. The south state hearing will be June 16, 2004 in Santa Clarita. CTC adopts the 2004 STIP on August 5, 2004.

### **Agenda Item L – Self-Help Counties Conference**

Kathryn Mathews gave an overview of the Focus on the Future conference. The requirement for voter approval on special taxes (67 percent) versus general taxes (51 percent) and reducing this requirement probably will not be on the November ballot. All the self-help counties were there and lots of good information was presented from people that have done it and made it work.

### **Agenda Item M – RCTF Issues and Objectives.**

Little or no new information to report. On PPM's, Celia will lead a discussion with the CTC in January on the importance of PPM funding. If you can help on this item or have relevant examples for this item, please let Celia know. A request was made to add TDA to the list of issues being tracked by RCTF members.

### **Agenda Item N – Other Issues.**

Charles Field updated members on the Best Practices in Project Management at the RCTF/CalAct workshop. Minutes of this session and a rap up will be sent

around. Also, how many people would be willing to attend a BMP workshop for projects sometime in the January – March time frame? Charles will take all the information he and others have used over the years and boil it down to “Here is how you do it” workshop for March or May.

Meeting adjourned until January 16, 2004.

**Amtrak Thruway Bus Connections****Suggested changes to provisions of SB-804**

Senate Bill 804 was enacted in 1999 placing restrictions on the Amtrak feeder bus system. The bill was sponsored by Greyhound and was an attempt to limit what Greyhound saw as unfair competition by Amtrak's feeder bus network.

The provisions of SB-804 include:

- Encourages Amtrak and Intercity Bus Carriers to combine or package their respective services and facilities, and to coordinate schedules, routes, rates, reservations and ticketing.
- Requires that passengers on State-funded Amtrak thruway bus routes must be using the bus in combination with rail travel as evidenced by a combination rail-bus ticket.
- Permits Amtrak to contract with existing Intercity Bus Carriers for "mixed mode" service (Amtrak and bus company passengers carried on the same bus) only if the bus company has been operating the route without an Amtrak contract for at least 12 months immediately prior to contracting with Amtrak.

The first of these provisions has been applied successfully in several instances:

- Amtrak entered into a contract with Greyhound to provide bus service between San Francisco and Stockton, connecting with *San Joaquin* trains that originate or terminate in Sacramento. Greyhound subsequently extended the route from Stockton to Modesto, Oakdale and Sonora, connecting with *San Joaquin* trains at Modesto. This extension was funded with Federal intercity bus funds (Section 5311(f)) and is not part of the Amtrak contract service, however Amtrak tickets are honored on the buses between Modesto and Sonora, and Greyhound is reimbursed for each Amtrak passenger carried. (*Discontinued July '03*)
- Amtrak has added two daily Greyhound round trips between Eureka and Redding to the Amtrak network. Once again, there is no Amtrak subsidy. Instead, Amtrak tickets are honored by Greyhound and Greyhound is reimbursed for each Amtrak passenger carried.
- Amtrak has contracted with Orange Belt Stages to provide two daily round trips between Fresno and Porterville via Visalia--a route that Orange Belt has operated for many years. The two round trips make connections with Amtrak trains in Fresno, but the buses also serve the Fresno Greyhound station, permitting passengers to also make connections with Greyhound's nationwide network. Orange Belt Stages is paid a contract price for providing the bus service and is not reimbursed for any Amtrak passengers carried, however, Orange Belt may sell any unoccupied seats to its own passengers.

While these examples show the successful application of the first provision of SB-804, the second and third provisions have created problems.

- There are several places where the Amtrak feeder buses are the only public transportation on the route. The best example of this is between Bakersfield and Oxnard-Santa Barbara. Amtrak operates four daily round trips, however there are no

other intercity carriers on this route. To ride Greyhound from Santa Barbara to Bakersfield, a passenger must travel via Los Angeles, essentially doubling the trip length. Amtrak may sell a ticket to a passenger traveling from Wasco to Santa Barbara, using the train for the short distance from Wasco to Bakersfield and the bus from Bakersfield to Santa Barbara. However, Amtrak cannot sell a ticket from Bakersfield to Santa Barbara, even though there is no competing service, because the passenger is not using a train for part of his or her trip. Other examples where Amtrak provides the only service are:

- Sacramento to Grass Valley and Nevada City;
  - Sacramento to Carson City;
  - Bakersfield and Lancaster to Littlerock, Adelanto and Victorville;
  - Bakersfield to Chatsworth and Simi Valley;
  - Bakersfield to Moreno Valley, Perris and Hemet;
  - Martinez and Vallejo to Santa Rosa, Ukiah, Eureka and Arcata;
  - Martinez to Napa;
  - Surf-Lompoc-Buellton-Solvang. (*Discontinued Sept. '03*)
- 
- The mixed-mode bus route between Fresno and Porterville via Visalia offers good train connections at Fresno to points throughout Northern California. Passengers from Southern California, however, must ride a Thruway bus to Bakersfield, then ride the train north to Fresno, then turn south on the bus to their destination--the long way around. Extension of the bus route south from Porterville to Bakersfield would offer much better connections from Southern California. The problem is that most of these passengers from Southern California would not be using a train for part of their trip and therefore could not legally buy an Amtrak ticket. (*Discontinued Sept. '03*)
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- There are several places where Amtrak bus routes operate parallel to Amtrak train routes. Passenger travel on Amtrak trains is unrestricted, however travel on parallel bus routes requires train travel for part of the trip. Presumably, a round trip, using the train in one direction and the bus in the other would be permitted, but one-way travel using only the bus is not. On routes where travel is unreserved (*Pacific Surfliners* and *Capitol Corridor*), it is extremely difficult to determine if a passenger meets the train-bus requirement. Examples of parallel services include:
    - Sacramento-Roseville-Colfax-Truckee-Reno-Sparks;
    - Sacramento-Lodi-Stockton;
    - Los Angeles-Van Nuys-Oxnard-Ventura-Santa Barbara;
    - Santa Barbara-Grover Beach-San Luis Obispo-Paso Robles-Salinas-San Jose-Oakland;
    - San Diego-Solana Beach-Oceanside-San Juan Capistrano-Santa Ana-Fullerton-Los Angeles;
    - Burbank Airport-Van Nuys-Chatsworth-Simi Valley;
    - Sacramento-Davis-Suisun/Fairfield;
    - Sacramento-Chico-Redding.
- 
- The requirement that mixed-mode service may only be initiated on routes that have been operating without Amtrak subsidy for a least a year has prevented the development of new services and could potentially require discontinuance of routes

that are appropriate candidates for mixed mode service. The following are examples of the limitations of this provision:

- When Greyhound proposed extending the San Francisco-Stockton service to Sonora, they wanted to start service before the Federal 5311(f) funding was available. Greyhound suggested that Amtrak fund the route until the Federal funding was available, but the provision of SB-804 made that impossible since Greyhound had not been operating the route without Federal funding for at least a year.
- The bus route between Surf and Solvang via Lompoc does not generate enough ridership to justify continuation of the Amtrak subsidy. This route could provide local transportation in the Santa Ynez Valley where there is currently no other public transportation, and it is likely the combination of Amtrak riders and local riders would make it a successful mixed-mode operation. The one year requirement, however, prevents its conversion to a mixed-mode operation.
- In October of 2000, several bus route contracts were being rebid. Greyhound submitted a proposal to operate several routes (including Bakersfield-Santa Barbara) as mixed-mode. Because of the one year requirement this was impossible for several of the routes being rebid since Greyhound had not been operating service without an Amtrak contract. Ironically, this one year requirement was a provision that Greyhound had insisted on when SB-804 was being debated.

**Recommendation:**

In order for the Amtrak Thruway Bus system to work efficiently, provide the appropriate service to passengers and yet not compete unfairly with Intercity Bus Carriers, the following changes to the provisions of SB-804 are recommended.

- Permit passengers to ride the bus for local travel (without a train segment) in the following circumstances:
  1. When travel is between stations that are also connected by Amtrak train service (parallel service).
  2. When travel is between stations and/or bus stops where there is no other public transportation along substantially the same route.
  3. When the bus route connects with another bus route and the combination of the two routes provides service between stations and/or bus stops where there is no other public transportation (i.e. permit Los Angeles to Bakersfield travel when the passenger is connecting to an extended Porterville-Fresno bus at Bakersfield for travel to intermediate stops along that route).
  4. When the route is operated by an Intercity Bus Carrier in mixed-mode service (currently permitted).

It might also be desirable to add a fifth circumstance:

5. When travel is between stations and/or bus stops where other public transportation exists, but no schedule is offered within a specified time period (perhaps 4 hours) of the Amtrak bus schedule.

- Permit Amtrak to enter into contracts for mixed-mode service in the following circumstances:
  1. With an existing Intercity Bus Carrier that has been operating substantially the same route prior to the Amtrak contract (now permitted only if the carrier has been operating the route for one year).
  2. When there is no existing operator on the route, with an Intercity Bus Carrier that has Public Utilities Authority to operate the route.In both cases, when there is more than one carrier that qualifies, the contract will be awarded by competitive bid in accordance with Amtrak bidding procedures.

**ITEM E**

**Master Fund Transfer Agreement  
Questions and Concerns**

The Office of Regional and Interagency Planning (ORIP) in the Division of Transportation Planning (DOTP) in Headquarters, Sacramento has received various questions and concerns regarding the Master Fund Transfer Agreement (MFTA). In response, we have developed this comprehensive statewide list of questions posed as of December 29, 2003. The following list is divided into five sections indicating whether a question/concern has been 1) resolved, 2) resolved and completed (a non-contract revision), 3) resolved and pending (requires a non-contract revision but is not yet completed), 4) pending Legal review (could be determined to be administrative revision) and 5) pending Legal review (could be determined to be content revisions – not administrative).

**Resolved**

- 1) **Q:** Does the MFTA become effective this fiscal year? If so, why does it not become effective next fiscal year rather than the middle of this fiscal year?

**A:** The Department's Division of Audits requested that DOTP ORIP update the MFTA effective immediately. Therefore, the goal is to have each MFTA executed during the current fiscal year.

- 2) **Q:** The new MFTA is much longer than the old version. Does the new MFTA have additional requirements?

**A:** The new MFTA does not contain additional requirements. The new version is longer because it provides additional clarification and detail of existing clauses.

- 3) **Q:** Does Executive Order S-4-03 signed on December 5, 2003 by the Governor prohibit us from entering into a new Service Contract (ADM-0360)?

**A:** No, it does not because this MFTA is not considered a new Service Contract since it just updates an existing MFTA. Further, the Executive Order does not apply because CPG are pass through federal funds and the RPA funds are pass through formula funds.

- 4) **Q:** Why does the Master Fund Transfer Agreement (MFTA) front page not indicate an effective and termination date? Rather it reads, "agreements in effect for 10 years."

**A:** The Effective Date of the MFTA is the date that it is executed, meaning the date that all required signatures on the final page have been completed. The last person to sign the MFTAs will be the Headquarters Contracts Analyst and that date will be the

effective date. The termination date will be 10 years from that date. Since we are not certain when all of the MFTAs will be received and signed by the Contract Analyst we could not place a date on the MFTA. Contracts agreed to revise the front page to complete the contract dates. Once the effective and termination dates have been provided, ORIP will return the MFTAs with the final front page.

- 5) **Q:** On page 2, section 1, paragraph E, prior to the passage of the annual State budget, we cannot process invoices. However, they can begin work. The RTPAs need to be made aware of this in the MFTA.

**A:** This will not be included in the MFTA. The decision to use local funds rests with the local agencies; therefore, it is outside the scope of the MFTA. However, RTPAs need to be aware that they risk RPA funds not being included in the state budget. If the RPA funds were not in the budget, Caltrans would not have RPA funds available to reimburse any funds expended. For more information on Requests for Reimbursement see the Regional Planning Handbook section 4.06.

- 6) **Q:** MOU's (from the 1990's) between Caltrans and the RTPAs are attached to the current OWPs. It does not appear that the MOUs and the new MFTAs are consistent. Do the new MFTAs impact or replace the old MOUs or do we anticipate revising the MOUs in the near future.

**A:** ORIP anticipates revising the old MOUs in the near future. Meanwhile, the provisions of the MFTA will suffice to define our business relationship with the MPOs/RTPAs.

- 7) **Q:** We recommend the form 360 be changed to reflect the 2004/2005 fiscal year.

**A:** The new MFTAs will become effective as soon as they become executed. This is anticipated to happen during the current fiscal year.

- 8) **Q:** Do the Planning Process Certification and Request for Reimbursement forms need to be signed?

**A:** These forms, included as Appendices, do not need to be signed. They are included only as examples.

- 9) **Q:** Regional Agencies are required to provide closeout information within 60 days of the end of the fiscal year. Sometimes, because regional agencies have to work through County Auditors and other external agencies it can take up to 90 days to wrap up the year-end process. Can this additional time, or some additional time be made available?

**A:** The closeout period cannot be revised. The State must closeout as well and submits reports, which are due to FTA and others.

10) **Q:** Related to audits, Regional Agencies are required to reimburse the State for monies due within 30 days while the State makes its payments as promptly as State fiscal procedures permit. Regional Agencies would like this same provision afforded to them, as they often have to work through multiple layers of decision and process. If this flexibility is not possible, then it is felt that the State should be held to the same 30-day requirement.

**A:** In the clause being addressed it indicates State fiscal procedures, which is the standard contract language. However, it would also be correct to say “State statute permits” as this is governed by statute not policy or procedure. The California Prompt Payment Act (Reference: Government Code 927, SAM 8474) specifies the allowable period to be within 45 days of receipt of the invoice. Thirty of the 45 days allowed for vendor invoice processing and payment are allocated to the state agency payment approval process. The remaining 15 days are allocated to the Controller’s warrant generation process. The Act specifies that the Controller shall pay contractors within 15 calendar days of receipt of a correct claim schedule from the state agency. Consistent with the Act, the Department is held to the same 30-day period as the local agency.

11) **Q:** Article II, section 2, stipulates that travel and subsistence expenses not exceed rates authorized for STATE employees. RTPAs need to be kept informed as to any changes in those rates, or at a minimum where we can access them.

**A:** Please see the following California Department of Transportation, Division of Accounting, Travel Policy Section website:

<http://www.dot.ca.gov/hq/asc/travel.htm>

12) **Q:** Can STP planning funds be included in the MFTA/OWP/OWPA since FHWA PL, SP&R, STP, FTA 5303 and FTA 5313(b) are all federal planning funds?

**A:** ORIP, Federal Programs and Local Assistance corresponded and concluded that inclusion of STP funds in the MFTA/OWP/OWPA will not be pursued. The responsible parties will continue to use the existing process. The MFTA is designed for CPG and RPA funds only.

13) **Q:** Article III, section 3, paragraph F: RTPA agrees to furnish documentation to support this requirement. Is that documentation signing a certification, providing copies of agreements or what?

**A:** By signing the MFTA the MPOs/RTPAs are agreeing that it will include the specified clauses in its agreements with contractors, subcontractors and subrecipients and that this documentation will be retained and provided to the State as necessary for Audits purposes. There is not an additional certification for this beyond the MFTA.

14) **Q:** Why does the Service Contract Request Form ADM-0360, page 2, section J, labeled “start and end dates” read “ 07/01/2003” and “06/31/2013.”

**A:** The MFTA update effort began in February 2003. It was anticipated to be completed within a few months, sent to the Districts and MPOs/RTPAs and become effective for the current fiscal year, which began July 1, 2003. The Service Contract Request Forms were completed accordingly. Once the MFTAs are executed and the revised dates are known these pages will be updated.

15) **Q:** The MPO MFTA Appendix A would be more useful if it was slightly amended to list the grants, 5313(b) and Planning & Research, separately. Can this be amended?

**A:** Quarterly Progress Reports are samples and not anticipated to remain identical to the final format but to show minimum content acceptable. All CPG (including FTA 5313(b) and FHWA SP&R Partnership Planning) and/or RPA that the MPO/RTPA receives must be shown in its Quarterly Reports.

16) **Q:** Has the MFTA passed through Legal?

**A:** Yes. The MFTA was developed with input from a MFTA Update team. The team members included ORIP, Legal, Audits, Contracts and District representatives. The team and their respective responsible Divisions also reviewed and approved the final MFTA, including Legal. Accounting also reviewed the final version for approval. Any revisions to the approved “boiler plate” document require additional approval by Legal and likely that of the other approving Divisions. See below (Revisions / Pending Legal/others).

17) **Q:** Has ORIP provided the RTPAs an opportunity to review and comment on the draft MFTA? How are RTPA comments, or objections to be handled, since this appears to be a document for execution not consideration? Is there flexibility?

**A:** The MPOs and RTPAs review the MFTA after the Department has accepted it as final. The updated MFTA is based upon current State and Federal regulation and policy. The Office of Regional and Interagency Planning (ORIP), Audits and District representatives on the Update Team brought forward questions that the MPOs and RTPAs have posed during the duration of the last MFTA. To the extent possible these issues were addressed through the content of the new MFTA. Other questions or concerns may arise during the MPO/RTPA Attorney’s review of the contract. If the District encounters a question that it cannot resolve and which precludes the

MPO/RTPA from signing the contract, the MPO/RTPA should detail its concern and submit it to the District. District will then transmit the question or concern to ORIP no later than January 9, 2004. ORIP will forward the question or issue to Legal, Audits, Accounting and/or Contracts to consider. See below (Revisions / Pending Legal/others).

18) **Q:** For all the Federal regulations that are referenced, can these be gathered together by Caltrans into a single packet and be made available either in paper or electronic format? This would avoid having each agency having to search for everything.

**A:** The regulations and codes are not static documents as language can be added to or deleted from the regulations and enactments. Therefore, it is not advisable to create a static reference document for a ten-year contract. The MPO/RTPA legal counsel has access and is responsible for completing the legal analysis of the appropriate regulations. Internet searches through the appropriate federal and state websites will yield current source documentation for the citations. For example:

<http://www.gpoaccess.gov/cfr/index.html>

<http://www.leginfo.ca.gov/calaw.html>

**Revision / Resolved (non-contract revision, administrative only and completed)**

19) **Q:** On page 3, paragraph M, RTPA MFTA, instructions for an MPO are provided. We recommend that this paragraph and any other references to MPOs be omitted from the MFTA.

**A:** This was a typo. The amended page was sent to the Districts on December 1, 2003.

**Revision / Pending (non-contract revision, administrative only and not completed)**

20) **Q:** Currently, the Appendices include samples of invoicing and reporting documents. Since this is a 10-year document we recommend deleting these samples from the MFTA due to the possibility of format or policy changes.

**A:** The Appendices are not part of the contract. When the Appendices are revised new forms will be provided (i.e. with the OWP Guidance). They are only included as examples for informational purposes. Therefore, format or policy changes do not pose a problem. However, ORIP will remove the page headers numbering from the Appendices to eliminate the confusion that the Appendices are part of the contract. When all of the final revisions are completed, revised MFTAs will be distributed to the Districts.

21) **Q:** Appendix C, is an invoice for Federal Funds, is there a specific invoice to be used for RPA funds?

**A:** Yes. Appendix C, in the RTPA MFTA, will be replaced to reflect a RPA invoice form rather than a Federal funds invoice form. The new Appendix C will be distributed with the final revisions of the MFTA.

22) **Q:** Appendix D contains a line for Metropolitan Planning (PL/FHWA) funds. Since RTPAs don't receive PL funds, is there a separate RPA Certification form?

**A:** The RTPA Appendix D has been amended to remove these funds. The new form only has lines for 5313(b) and SP&R – Partnership Planning funds. There is not a separate RPA Certification form because the Department does not require a Certification. The Federal Certification is used to reconcile balances and to carryover funds to the following fiscal year. RPA funds cannot be carried over. The new RTPA Appendix D will be distributed along with the other final revisions to the MFTA.

**Revision / Pending Legal / others (could be determined to be administrative non-significant revision – errata)**

23) **Q:** There are slight differences in MFTA, Article V, section 2, Indemnification language applicable to the MPO and State. Should these clauses be consistent? If not, an explanation is requested.

**A:** There is variation in language in two clauses that perhaps should be mirror language. If there needs to be a revision in the language it is possible that it can be revised and the subject page(s) can be replaced as errata. Pending Legal review and determination.

24) **Q:** Article IV, section 4, paragraph D requires language related to Federal Lobbying Activities Certification to be included in all contracts which exceed \$100,000. The phrase “containing Federal and State planning funds” needs to be added to the section.

**A:** Pending Legal review and determination.

**Pending Legal Review (any revision to these clauses may be considered more significant – non administrative error possible content revisions)**

25) **Q:** Article II, section 3, paragraph B: I would like to see some language added to enable the STATE to recognize unusual circumstances and/or good faith effort by a RTPA when deciding whether or not to withhold future apportionments or allocations.

**A:** The clause indicates that it *may* withhold future apportionments and does not stipulate that withholding future apportionments is mandatory. Any such determination would be decided on a case-by-case basis. Pending Legal review.

26) **Q:** Article IV, section 7: Dispute Resolution is to be accomplished by arbitration. Is that a binding or non-arbitration? I think it should be stipulated here.

**A:** Pending Legal review and determination.

# **CALIFORNIA RURAL COUNTIES TASK FORCE**

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**To:** RCTF Members  
**From:** George Dondero, Chair  
**Date:** January 16, 2004  
**Re:** **Summary of Governor's Budget Impacts on Transportation.**

The following summary was provided by DeAnn Baker of CSAC:

## **Transportation Funding Proposed Budget Reductions.**

- In light of the enormity of the budget crisis the Governor's proposed budget includes an outright suspension of Proposition 42 revenues for fiscal year 2004-05 equivalent to an estimated \$1.1 B savings to the State's General Fund. This is a departure from last year's actions, which resulted in a loan of Proposition 42 revenues for fiscal year 2003-04 to the State's General Fund. Administration officials indicated that without an outright suspension rather than a loan progress on tackling the overall structural deficit would be impeded. This will mean that cities and counties will not receive their local street and road rehabilitation monies again in 2004-05 estimated to be approximately \$179.5 million.
- In addition to the Proposition 42 suspension mentioned above, the proposed budget also repeals funding for the 141 Traffic Congestion Relief Projects (TCRP) chosen by Governor Davis and suggests repealing the statutory designation of the TCRP projects requiring those projects to secure funding through either the STIP or local funding mechanisms. The Administration does plan a project by project analysis of both the TCRP projects and is planning to encourage the California Transportation Commission (CTC) to also evaluate STIP projects to determine the economic contribution individual projects would make to the State's economy and businesses in California. Another factor which will be considered is the extent to which the jurisdiction where the project is located is meeting their housing needs.
- Additional mid-year cuts also planned for Administrative implementation include diverting \$800 million in local obligational authority (OA) from the federal government that would be recouped by the General Fund utilizing cash management. The implications are that rather than a city or county having the ability to directly tap into federal OA that they would have to front the monies and rely on reimbursement from Caltrans and state revenue sources. County officials have expressed concerns with whether it would be fiscally prudent to expend local dollars when there are no assurances for state reimbursement. Department of Finance officials indicated that they were working with Caltrans to ensure that cities and counties would be reimbursed under this \$800 million reduction of local OA.

**MINUTES FROM THE  
BUDGET BRIEFING CONFERENCE CALL WITH  
SUNNE WRIGHT MCPEAK, SECRETARY OF THE BUSINESS,  
TRANSPORTATION & HOUSING AGENCY  
11:00 A.M., FRIDAY, JANUARY 9, 2004**

*MINUTES PREPARED BY: DIANE NGUYEN, SJCOG*

Secretary Sunne Wright McPeak started the conference call with some overview statements. She said the Governor inherited the state budget and deficit. Both are a double-barreled threat to California's integrity. In the proposed FY 03/04 budget, the Governor has proposed sweeping reforms to save money and improve California's economy. McPeak added that, taken together, it is the California Recovery Plan highlighted in the 8 pages of the proposed state budget. McPeak said that the proposed budget is predicated on passage of the Economic Recovery Bond Act and the constitutional amendment to require a balanced budget. If these measures are not passed, then the budget cuts will have to be deeper. McPeak noted that in the past five years, state revenues have increased by 25% but expenditures have been 43%. The California debt is \$23 billion. In absence of corrective actions, the state would incur operating deficits estimated at \$14 billion by next year. All dimensions of state functions are affected

McPeak emphasized that the Business, Transportation, and Housing Agency is only a half-percent of the general fund. However, she said the agency has a variety of special funds including transportation and this is the focus of the conference call.

McPeak highlighted key provisions in proposed budget relating to transportation:

- (1) ***Suspension of Prop 42 transfer:*** McPeak said that the fiscal crisis in the state leaves the Governor no alternative than to suspend Proposition 42. She said Prop 42 was enacted in a period of budget surpluses. This suspension includes the elimination of the TCRP. McPeak specifically said, "The transportation community will need to address our highest priorities within the limited resources we have available." McPeak also said she expected the highest priority TCRP projects will be addressed at the local level and stakeholders would continue seeking local and federal funds to close the funding gap.
- (2) ***Proposed budget relies on GARVEE bonds:*** McPeak recounted the components that led to the shortfall in revenue for the STIP. McPeak said the 2002 STIP fund estimate assumed \$502 million in TIF resources. Only \$289 million has been realized and \$189 million is proposed for repeal in the mid-year budget cut due to state budget pressures.
- (3) ***Unified state position for TEA-21 Reauthorization:*** McPeak said that the proposed budget language also underscores California's commitment in securing

California's fair share of federal transportation funds. McPeak said, "Our transportation needs deserve to be high priority in the federal budget."

(4) ***Proposed budget will call for legislation to repeal the high speed rail bond in November:*** McPeak stated that California has an existing voter-approved bond authority on the order of \$23 billion not yet sold. The March ballot will have before the voters \$15 billion in the California Recovery Bond Measure and another very large measure for schools bonds on the order of \$13 billion. McPeak added that while the governor believes the High Speed Rail project holds potential for California. However, in the short term, the Administration thinks it is not prudent to move ahead with a proposed voter approval for additional bonds for the High Speed Rail authority at this time. There is continued funding in the budget is for the rail authority administration and work for the Environmental Impact Report.

She said the Governor is committed to working with transportation stakeholders and the business and labor community for a full review of opportunities to leverage state and federal resources. McPeak said, "This is an invitation for all of us to rise and identify the essential resources for transportation to improve mobility in California."

McPeak then discussed TCRP in detail. She stated that the Business, Transportation, and Housing Agency will implement this commitment by working closely with CTC and Caltrans to engage transportation project sponsors, local host jurisdictions (regions, cities, counties), and key stakeholders to review economic impacts of each TCRP project. Specifically, she said we need to share with the Governor's office--- (1) exactly how many jobs are associated with phases of work under contract; (2) what is scheduled for next year and what will continue to move these projects forward; (3) an understanding of every aspect of the current work.

In cooperation with CTC and Caltrans, McPeak said there needs to be a discussion with all the project sponsors and the local host jurisdictions about how to optimize the economic impact from the transportation investment in those projects. She said what she meant by this was the need to understand factors such as the relationship between the transportation investment and job creation, multiplier in economy, identification of specific employers who will grow the job base, and attraction of new employers to the region. McPeak emphasized that there needs to be a commitment of host jurisdiction to housing/population growth. Furthermore, she wanted to assess how employers will be able to expand or locate in a given community because of transportation improvement and to what extent the host jurisdiction will provide an adequate housing supply. She stated this is key to improving mobility.

McPeak said, "We have to get a better economic return on our transportation investment. By that, we mean, when we get through spending, we need to have improved our competitive position--not only throughput but congestion reductions in order to remain competitive."

McPeak encouraged the California Transportation Commission to go to a similar review with STIP projects to find the linkage between the project and California's economic competitiveness.

Lastly, McPeak said that BT & H will be convening transportation stakeholders to identify all the options and innovations for continued investment in mobility for California in the next FY while the economy is recovering. She added that the Governor is committed to fully leveraging state and federal transportation resources. Reading a quote from the Governor's speech, McPeak said, "These proposals cuts will not be easy but they are not forever. "

Sue Bost, California Dept. of Finance, said the general fund revenue forecast for the state includes and an increase of 4% in revenues from the past projections. However, there remains a considerable gap in funding. This is detailed in the eight pages of the Governor's budget. She then identified specific percentage reductions in various state departments to emphasize that the spending reductions run across many different programs, areas, and types.

John Ferrera, BT & H, said that the transportation community has done a lot in the last few years under very difficult circumstances. He said, "We have to re-double our efforts to deliver the program we can in the short-term as we overcome the budget problems; you all understand how critical our efforts are going to be." Ferrera said that the state's efforts in D.C. will aim at bridging some of the gap created by the state budget crisis.

Jeff Morales said that we put together a partnership in recent years that has been able to work though some very difficult problems, most notably last summer. He said that he believes we have stepped up to the plate and kept things moving forward. He added that everyone has been put to the test and this is going to require more partnership than ever before.

A representative from the San Francisco Chamber of Commerce asked McPeak, "Are you going to link state transportation funds with housing plans from local governments; is the message, if you want your money, you better have your act together in housing?"

McPeak responded that the Governor & Administration are about economic recovery. She said it is important to identify the commitment of the host jurisdiction to housing the work force that will be created by transportation investments. She said that we have a very inefficient land use planning that is challenging us. This is the heart of California's economic competitiveness at the end of the day. She said how local jurisdiction providing for housing will play a role on whether the state will continue to be an investing in the TCRP projects. She felt that California has been losing to other states in mobility because it has not been doing much linking between transportation and housing. She said we need to have a higher quality of life in order to have high skilled workers.

Mike Evanhoe of the Santa Clara Valley Transportation Authority asked, " I assume the Administration is giving a go-ahead in GARVEE bonding in January." McPeak said, "We are."

McPeak emphasized the CTC has been prudent in representing a conservative level in terms of GARVEE financing that BT & H is comfortable with.

Someone asked, “On the policy front, what is proposed to improve local governments’ performance in the production of housing--in terms of streamlining processes, dealing with CEQA , infill....”

McPeak said that common sense approaches to supporting economic development will be examined. She said the budget highlights a California performance review which calls for a sweeping review of every aspect of state budget (every agency and dept.) McPeak said this is just not just organizational chart but finding a more efficient way of doing business.

Mark Pisano of SCAG asked if there are TCRP which can identify enormous benefits and a strong housing/transportation linkage, can they move forward with some funding?

McPeak responded that the budget does not propose funding for them. She said we all need to work in identifying those high priority projects and finding innovative financing.

Kurt Lindsey asked how the GARVEE proposal will affect the price of the bond.

Sue Bost said there are two different proposals in the Governor’s budget:

- (1) \$800 M appropriation for allocations for new projects
- (2) Debt service for the soon to be issued GARVEE bond as an item in the governor’s budget vs. the continuous appropriation that is currently in statute

Sue Bost said DOF was currently evaluating whether there is an impact to the rating and cost. It may be deminimus. She said what the Administration is putting into the budget is a new program and will provide the Administration and Legislature a review process.

McPeak said the timeframe of all these efforts will be now. One focus is representing California in D. C. through the end of February. Also, B T & H will start with CTC and Caltrans on the exercise of looking at TCRP projects almost immediately and that professional staff will engage and start on the dialogue. She stated it will be a fact finding exercise to understand where we get the most economic impact.

She added that BT & H will be in an intense mode around the month of March to generate as much ideas as possible going into the May revise. She asked that everyone communicate to John Ferrera any ideas for a March working paper.

Someone asked about how to respond to the media when the TCRP list is recommended for elimination.

McPeak said the most helpful posture to echo first is that you are willing to be a partner with the Governor and the state and address the current problems in the budget deficit. Second, is that you will be working with the Governor on innovative strategies.

Another question was whether there has been any discussion of agreeing to allow local jurisdictions to pass local initiatives.

McPeak said that the Governor is inviting all ideas. The issue of local voter approval is an open question as far as she could tell. McPeak closed the conference by stating that she would rely on everyone in the conference call to identify who we should be reaching out to and assist in organizing what we can do in financing and innovative funding.

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# **Rural Counties Task Force**

## **Annual Report**

### **December 2003**

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In 1988 the Rural Counties Task Force was formed as a joint effort between the California Transportation Commission and the 28 rural Regional Transportation Planning Agencies (RTPAs) and Local Transportation Commissions (LTCs). After the 2000 census, two counties left the Task Force when population growth qualified them as Metropolitan Planning Organizations. The Task Force provides a forum for California's smallest counties to stay informed, have a voice, and contribute toward shaping statewide transportation policies and programs.

The Task Force is an informal organization with no budget or staff. Meetings are held on the third Friday of odd numbered months in Sacramento. Kathie Jacobs of the CTC staff acts as liaison to the Task Force, and CTC and Caltrans staff typically attend the meetings to present information or enter discussions regarding issues that interest and affect rural counties.

Enactment of SB 45 in 1997 was a watermark year for rural RTPAs in California. SB 45 placed new responsibilities on the rural agencies while providing only minimal funding for the staff needed to carry out these new mandates. The effects were especially pronounced in the smallest agencies, where very modest staffs became responsible for project-specific programming, planning and delivery activities formerly relegated entirely to Caltrans. These changes gave new focus and intensity to the value of the Task Force.

Certainly the past year has presented challenges to the transportation community heretofore undreamed of. The rural counties continue to work cooperatively with their urban counterparts, the CTC and Caltrans staff to meet those challenges, while looking ahead to a time when brighter funding and policy opportunities can materialize.

## **ISSUES AND CHALLENGES**

### **Local Road Rehabilitation and Maintenance Funding**

The State's smallest counties (by population) generally have proportionately higher miles of roadways with the fewest resources to maintain them. The CTC recognized this need when, in 1998, the Commission opened the State Transportation Improvement Program (STIP) to local road rehabilitation projects. Many were funded, including those in rural areas, even though rehabilitation projects do not fit well into the STIP funding process. The Task Force acknowledges and appreciates the Commission's efforts to widen the

description of rehab projects and work with rural counties to make these projects fit better into the STIP.

The passage of Proposition 42 suggested a new source of funding was coming to rural counties for local road rehab. Unfortunately, suspension of Proposition 42 this year, and most likely next fiscal year by the legislature indicates that rural agencies will continue to struggle to maintain their existing road networks. Even with full restoration of Proposition 42 funds to local agencies, closing the gap of deferred maintenance would not be attained in the foreseeable future.

### **Efforts**

In 2003 the rural counties lost another source of funding available to maintain their local road systems – the TEA Exchange program. Many rural counties took advantage of a CTC policy, which allowed the rural RTPA to opt out of implementing a Transportation Enhancement Activities program, and exchange TEA funds for state-only dollars, which have the flexibility to be used on local roads projects, whereas TEA funds generally do not. When the Commission adopted a new policy to administer the TEA program under the STIP, this unintended consequence represented another loss of funding (however meager) for local road maintenance and rehabilitation in many rural counties.

### **Continuing Issues**

- As rural counties continue to work in partnership with CTC and Caltrans staff when new policies are being formulated, every effort should be made to avoid further erosion of funding that remains in statewide programs to support local road rehab and maintenance.
- Until a sufficient, dedicated funding source is found and the backlog is eliminated, small rural counties continue to need the option of using STIP funds for road rehabilitation.

### **Unstable Funding Programs**

The uneven flow funding through statewide programs is inherently at odds with the time it takes to plan, design and build most transportation projects. Most of the smaller counties do not have the locally generated sales tax and other revenues available to urban regions. Having access to local funds provides flexibility to keep projects moving or start new projects, an option available to few rural counties regardless of the state of the economy.

Potential loss of Programming, Planning and Monitoring funds (PP&M) in fiscal year 2003 heightened the challenge for rural counties to maintain the delivery system in place for projects already funded.

### **Efforts**

At least half the Task Force member counties have expressed interest in or pursued the approach taken by many urban areas: a local sales tax for transportation. While many rural counties could meet a 50% majority threshold, few – if any – could meet the currently required 2/3 majority. Other counties have or are in the process of enacting road impact mitigation fee programs, to generate revenues for road improvements demanded by new development.

### **Continuing Issues**

- Rural counties continue to work with our urban counterparts to ease the voting threshold to enact a local sales tax for transportation purposes, to enable us to develop additional funding for needed projects.

### **Project Delivery**

As the State grapples with the budget deficit and staff levels are frozen or cut at Caltrans, the role of RTPAs as active participants in project development and delivery has grown in importance. As key players in the project delivery process, local agencies develop the skills and knowledge base to advocate for their STIP projects. Many rural counties are increasing their roles and responsibilities in the project delivery, either with newly trained staff, or experienced project managers hired on contract. As the urban regions know, local participation increases the odds for a successful project delivered on schedule and within budget.

### **Efforts**

- The rural counties build on their accomplishments, sharing experience with each other both informally, and through intensive workshops conducted at the annual fall conference.
- Multi-county pooling of STIP funds, projects and consultant resources to manage projects effectively.
- Many rural counties are working intensively with staff in their local Caltrans district to improve project delivery performance and make the best use of shrinking resources.

### **Continuing Issues**

- The complexity and long completion time to gain environmental clearance on a project needs simplification and a more rational process.
- Continuous flow of PP&M funds to support project delivery activities at the local level is critical for continued success in rural areas.

### **Information Sharing / Staff Development**

The complexities of transportation planning and project delivery challenge urban and rural regions alike. The staff at rural agencies however, must often struggle to keep up with the ever-changing rules and regulations even while advocating for their own local

projects. A primary purpose of the Rural Counties Task Force is to provide a venue for sharing information and advocating for shared concerns. Feedback from members indicates the Task Force is improving in this arena, although much work remains.

### **Efforts -**

- In conjunction with the California Association for Coordinated Transportation (CalACT) the Task Force held their second annual conference in October 2003. The event provided many focused sessions led by experience professionals on a wide array of topics of interest to rural counties and was well attended.
- Members developed tools to assist staff development and simplify project delivery. These include:
  - *An RTPA Manual for Rural Counties* – a compendium of materials essential to running a rural transportation planning agency
  - *A Local Agency Manual for Processing Projects* – a user friendly, streamlined version of the two-volume Local Assistance Manual, tailored to assist in completing smaller projects common in rural areas.

### **Transportation Development Act**

Task Force members responded quickly when a proposal to make some significant changes to the Transportation Development Act (TDA) was presented at the May meeting. There was general agreement among the rural counties that TDA has been working effectively to accomplish the goal of establishing transit in rural areas of the state. Generally, rural RTPAs and LTCs see their role as guardians of the TDA mandates, and thus wish to be included in any policy-making effort to change the way TDA is administered.

### **Efforts**

- An ad-hoc committee of Task Force members met with senior Caltrans management, and a panel explored the TDA at the fall Task Force conference.
- A TDA Oversight Committee has been reactivated by Caltrans, and a rural representative selected. Meeting will commence in 2004.

### **State Level Committee Participation**

In addition to those issues and efforts listed above, various Task Force members are also providing a rural perspective to the following efforts. Many of these efforts involve participation on committees established by Caltrans.

- TEA-21 Federal Reauthorization Steering Committee
- FTA 5310, Welfare to Work Advisory Committee, Rural Transit Issues
- Intelligent Transportation Systems (ITS)
- Small Project Streamlining Committee
- Caltrans, City, County, Federal Highway Administration Coordinating Group
- Quality Assurance/Oversight Committee
- TDA Advisory Committee

Members of the Task Force also actively coordinate with other statewide groups to share information and perspective on transportation issues. These other groups include:

- Regional Transportation Planning Agency (RTPA) Group
- California Association of Councils of Government (CalCOG)
- Regional-Caltrans Coordinating Group
- Regional Council of Rural Counties (RCRC)
- California State Association of Counties (CSAC)
- California Association for Coordinated Transportation (CalACT)
- Statewide GIS Council

REGIONAL TRANSPORTATION PLANNING AGENCY  
ISSUE PAPER REGARDING  
CALTRANS DISTRICT 10 PROJECT DELIVERY  
9/17/2003

**Introduction**

Seven of the eight Regional Transportation Planning Agencies (RTPAs) in District 10 have formed a team to take a hard look at our partnerships with Caltrans District 10 regarding the management of our State Transportation Improvement Program (STIP) projects, and project delivery issues in general. This paper summarizes the results of the input received from the following agencies and has been reviewed by each of them:

- San Joaquin Council of Governments (SJCOG)
- Merced County Association of Governments (MCAG)
- Alpine Local Transportation Commission (ALTC)
- Calaveras Council of Governments (CalaCOG)
- Tuolumne County Transportation Council (TCTC)
- Amador County Transportation Commission (ACTC)
- Stanislaus Council of Governments (StanCOG)

At the outset, we would like to make it clear that Caltrans has made advances in partnering over the years, and overall, the staff in District 10 is hard working and accommodating. Comments in this paper are not meant to single out particular individuals, but rather are an attempt to enlighten the District on issues that have major impacts to project delivery.

**Objective**

It is our desire that District 10 improve project management by addressing the concerns raised in this paper. We also have included specific requests in the conclusion that we feel will help achieve that objective.

**Background and Historical Perspective**

On July 1, 1989, District Implementation Plans for Project Management were approved and the Department of Transportation officially started the implementation of Project Management. The need for project management within the Department was recognized well before the July 1989 implementation date. The Assembly Transportation Commission and Little Hoover Commission Hearing on STIP (State Transportation Improvement Program) Project Delays found on September 30, 1987 that "Caltrans should look to other organizations for new project management techniques to reduce project development and delivery lag times." And, in June 1988 a Local Agency task force and Consultants recommended that Caltrans implement Project Management. To the Department's credit, recommendations were heeded and Project Management was implemented.

RTPAs have the responsibility for transportation planning in our regions and related implementation of our Regional Transportation Plans (RTP). Senate Bill 45 (SB45) gave responsibilities to the RTPAs for programming improvement projects funded through the Regional Improvement Program (RIP). According to the SB45 Background FAQs ([www.dot.ca.gov/hq/sb45/FAQSB45.html](http://www.dot.ca.gov/hq/sb45/FAQSB45.html)), "The regions and Caltrans will have to negotiate the cost and schedule for designing projects. Once an agreement is reached and the amount is placed in the STIP, the regions will have to meet those commitments". The reverse is also stated, "To an increased degree, Caltrans will now be accountable to the regions, and not just to itself, for designing projects on time and on budget. Caltrans and the regions will have to negotiate the cost and schedule for designing projects. Once an agreement is reached and the amount is placed in the STIP, Caltrans will have to meet those commitments."

SB45 also implemented a county share system, modified by a north-south split. When STIP projects exceed the programmed amount and schedule, the county's share must make up the difference, leaving less money for other sorely needed projects lined up in Regional Transportation Plans. Smaller regions and regions without sales tax measures are especially vulnerable to public criticism when projects are not delivered on time and within budget. Citizens and elected officials want to know what we are doing to ensure that those precious transportation dollars are being efficiently and effectively utilized within their communities.

The RTPAs concerns regarding Project Management reach beyond the management of STIP projects. Inefficient project management of State Highway Operations and Protection Program (SHOPP) projects is also a concern in that, under state law, SHOPP funding takes priority over STIP funding. Every dollar used for the SHOPP is a dollar less for the STIP. Clearly, SHOPP is a valid and worthwhile program, however, if it is managed the way the STIP program is managed, then regional STIP funding is potentially reduced due to cost overruns and scheduling delays caused by poor project management.

The RTPAs within District 10 want to strengthen our partnership with the District. We, the regions and District 10 as a delivery team, want to enjoy success in meeting our obligations as both the programming agency and the implementing agency. This is possible, but the District needs to hear our concerns and act upon them. Having said that, it is also recognized that many of the issues identified are of a statewide nature and not purely a District 10 issue. However, we would encourage the District in those instances to take the lead for the Department and implement change within the District that will serve as a model for the rest of the state.

This paper examines project management in District 10, under the following headings: Structural, Procedural, Cultural and Legislative.

### **Structural**

The structure of an organization plays a major role in its ability to be effective and efficient. Project Management has particular challenges in District 10, in that the District is part of a regional structure, headquartered in District 6, Fresno. The regional structure prohibits direct authority from the District 10 Director and the District 10 Project Managers to ensure proper development and maintenance of project cost, scope and schedules. The Project Management unit within District 10 is also separated from most of the other District 10 and 6 functional units (units responsible for particular areas of work, i.e., Environmental, Right of Way, and Design units). Decisions are not made by Project Managers without consent from the functional units.

The tri-counties of Alpine, Amador and Calaveras have combined their STIP funding on several state highway improvement projects with each agency highly concerned about cost overruns and schedule delays. Potential, costly delays were a concern when the environmental functional unit located in District 6 missed the once-a-year pre-construction wildlife survey on the Route 49 Bypass, a \$25 million dollar construction project. The Arnold Passing Lane Project was awarded to a contractor with unresolved issues. The timber sale agreement to remove the trees was not approved because the right of way functional unit was unable to fund a \$2,000 cash deposit to the Forest Service leaving another functional unit to figure out how to make the payment. Yet another project, the Cooks & Hams Passing Lanes Project was just a few months away from advertisement and had to go back and have the environmental document and the easement process redone when design was unable to fit the project within the already approved environmental and right of way limits. When one functional unit is unable to complete their portion of the project properly or on time, there is a ripple affect that causes significant additional costs and delays to the project. District 10 Project Managers need to pay very careful attention to communications between functional units; they need training to know what kinds of miscommunications can be critical. Project Managers also need the authority to resolve disagreements between functional units and to demand better responsiveness from functional units.

The above observations of the RTPAs are substantiated in the March 2003 Research Brief by the Public Policy Institute of California (Research Brief), “[While] the creation of one-hat project management <sup>1</sup>seems to mark a watershed in improving project delivery, its success is hampered by the district’s inability to give its project managers enough authority over functional groups to form and maintain project teams.” The report goes on to share an interviewee’s observation:

“Caltrans has a long history of operating as a line agency, where our responsibility was to your area and not to a project. This has made project accountability more difficult to implement. Your main obligation is to fulfill your line function, so project responsibilities take a back seat. People are largely rewarded and promoted on the former, not the latter. Projects are for “spare time”, and people serve their functional group. There is no leadership from the top.”

The Caltrans Project Management Handbook (page 47) depicts the organizational chart for one-hat project managers. The chart, however, does not show the interrelationships in a regionalized environment. The District Director should have organizational authority over the Functional Deputies, as well as the Deputy District Director for Program/Project Management. This would assure that the Functional Deputies and Project Management all report to the same person who has overall responsibility for the District’s project delivery. In a regionalized situation, the Functional Deputies report to a different District Director (Regional Director), and the responsibility for District project delivery is stratified. District 10 should undo the regional structure that has decisions about District 10 made in District 6, Fresno.

In District 10, Project Development Team (PDT)<sup>2</sup> Meetings are often ineffectual because, in our opinion, individuals are loyal to the functional unit manager and not the Project Manager. Often times, PDTs are attended by many functional unit personnel in an attempt by the Project Manager to obtain consensus and have decisions made. However, the functional manager is often not present, therefore, identified issues at the meetings cannot be resolved because representatives have to go back and obtain approval from their supervisors. If the functional unit manager disagrees, the issue is held over until the next PDT meeting. The Project Manager seems to have no authority over this situation. To exacerbate the situation, the Deputy District Director for Program/Project Management has no direct authority over the regionalized functional units.

Other structural issues in Project Management include the high rate of turn over in Project Managers. It is understood that the Department, up until the last two years, was in a staffing up frenzy. This situation leads to new promotional opportunities at higher levels, and experienced Project Managers often move up in the ranks. It also leads to a high number of entry level personnel and it takes time and training to get them up to speed. However, a Senior Transportation Engineer (one of the classifications for Project Manager position), for example, beginning their career at the entry level, has four or more years of experience within the Department before promoting to a Project Management position. In any organization, that would be considered an extensive training program in itself.

The typical District 10 response, when RTPAs have complained of ineffectual Project Managers, has been that Project Management for the Department is still new and that project management will improve as Project Managers gain experience. However, Project Management in the Department is not new. In a memo dated December 1, 1993, RP Weaver, Chief Deputy Director, presented a draft report (Revisions to Improve Project Management in Caltrans) to Department management. In the memo, Mr. Weaver states, “Now, we have had several years of experience working with the Project Management concept, it is time to draw from lessons learned and put in motion methods to improve our Project Management process.” The

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<sup>1</sup> “A one-hat project manager’s duties consist solely of project management and do not include supervision. One-hat project managers determine what tasks are done, when they are done, and how much each task costs.” - Caltrans Project Management Handbook

<sup>2</sup> “A PDT in an interdisciplinary team composed of key members of the project team and external stakeholders.” – Caltrans Project Management Handbook

background section of the report states that the Department first published its project management procedures back in the early 1960s. By 1967 each District had its own guidelines for project management. The report goes on to say that in the 1980s there was growing concern regarding the Department's ability to deliver specific projects on time and within budget. In short, the Department has been working on the development of project management for over forty years.

Project Managers often complain of work overload. One Project Manager in District 10 complained of responsibility for fourteen projects. This may or may not be excessive. First, District 10 needs to show that the Project Managers are working effectively and efficiently. There has been no evidence, thus far, to any of the RTPAs that the Project Managers are concentrating on cost, scope and schedule issues, even though that is the responsibility of the Project Manager as emphasized and outlined in the Caltrans Project Management Handbook. District 10 Project Managers, whether by lack of proper tools, leadership, authority, or initiative, do not focus on the essentials of the project. This leads to a series of fire drills on each of those fourteen or so projects that take an excessive amount of time and effort on everyone's part to resolve, often leading to scheduling delays, cost increases and scope changes. If the projects are well managed, fourteen projects may not be excessive. The District must demonstrate the projects are being effectively managed, and then when inevitable project issues arise, they can be resolved in a timely, informative manner that will be mutually beneficial for all stakeholders. Currently, when project issues arise, the Project Manager is often the last to know and often cannot account for the cause of the issue, and very rarely has the tools or the authority to resolve the issue.

District 10 should ensure that Project Managers are assigned an appropriate number of projects to maximize efficiency and effectiveness. District 10 should resource its Project Management Division with an adequate quantity and quality of Project Managers to "turn-around" District 10's history of ineffective project management.

### **Procedural**

The March 2003 Research Brief cites one Caltrans Manager, "When cost overruns occur, there are no records kept. The augmentation simply spills over into the next STIP cycle. Prior to SB45, there was not even fiscal accountability in the sense that cost overruns came out of your future county shares." This is perhaps one of the most frustrating aspects of Project Management to the RTPAs. Project Managers in District 10 are not monitoring project expenditures, and do not track expenditures either by dollars or by hours. Project work plans are produced in XPM (Xpert Project Manager) and are based on the Work Breakdown Structure (WBS) to meet Department of Finance deadlines for resource allocations. Each functional unit is responsible for developing a predicted list of resourced tasks by hour. This list is then converted to dollars through the Program Management unit. Once the dollars and the fiscal years for delivery of a project phase are programmed in the STIP, the work plans are reviewed by the Project Managers only for the next fiscal year resource plan. The work plans are not used to examine the consequences of scope or scheduling changes on the project's resource and budget plans.

As an example, when questioned about cost increases on the Pelandale/Route 99 Interchange project in Modesto, the Project Manager responded that the PDT had decided to study additional alternatives. The impact to the budget and the schedule were never reviewed and brought to the PDT to determine the feasibility of studying the additional alternatives, until the project was out of money and the schedule had to be delayed. Even at that point, the Project Manager had no idea of what additional money would be needed to complete the phase of work or the true impact on the schedule.

The manner in which unanticipated cost increases for the East Sonora Bypass project were developed and brought before the Tuolumne County and Cities Area Planning Council is another example of District 10 Project Management not having the appropriate tools and procedures necessary to maintain the public's confidence in government's ability to contain costs. After the construction project was stopped due to discovery of cultural resources not previously considered in the Environmental Document, the Project Manager and Deputy Director in charge did an exemplary job of building consensus among many groups to support a redesign of the project and a detailed Memorandum of Agreement for archeological mitigation. It was discussed early and often that the project would need additional funding to cover increased costs. The

Caltrans staff guessed upwards of \$2 million would be necessary, of which the regional staff tentatively agreed to pay 15%. Despite numerous requests for cost information over the ensuing two-year period, so that the Regional Council could be updated, the Project Manager was simply unable to provide any estimates of the current or total estimated budget impact. Finally, the Project Manager demanded Regional Council support for the 15% of a \$1.8 million request prepared by Caltrans for CTC approval to augment the East Sonora Stage 1 project funding. This \$1.8 million represented a cost overrun for the project in excess of all available funding including contingencies and resulted in the total expenditures for archaeological mitigation work reaching \$4.3 million. This amount is contrasted with the original programmed cost for archaeological mitigation of approximately \$750,000. Tuolumne County staff was told Caltrans needed Regional Council support for 15% of this \$1.8 million increase in order to allow construction on the project to continue. To date the CTC has not yet voted on this \$1.8 million increase and the project is in jeopardy of running out of funding pending that vote. When the Project Manager was asked for an Assessment of Financial Status Report as required in the Caltrans Construction Manual for funding adjustment requests, he had no idea how such a document could be developed. Ultimately, the Council approved a resolution supporting the funding increase, but was extremely dissatisfied with their inability to exercise their proper fiduciary responsibility over public funds on the project. District 10 Project Managers should review budget reports regularly and provide quarterly reports to regional agencies that fully explain and predict changes in project costs.

The Caltrans Project Management Handbook discusses critical path schedules as an essential time management tool. District 10 does not produce, monitor or utilize critical path schedules<sup>3</sup>. Not one of the RTPAs sponsoring this paper has seen a critical path schedule on any of their projects. The District's response to the request for critical path schedules has been that the Department, at this time, has no way of integrating the myriad of data software and databases to produce a linked critical path schedule. We are told that the Department is developing yet another tool, Project Resource and Schedule Management (PRSM) that will replace XPM and the Time Reporting System (TRS) to produce accurate project schedules. Full implementation of this new system may take years to develop, integrate and train end users. In the mean time, District 10 Project Managers manage their projects blindly, not knowing what impact an action may have on the schedule or the cost of the project. The Department does have access to more simplified computer software, such as Microsoft Project or FastTrack, that could be implemented in the interim. The Central Region functional units have produced critical path schedules for their portions of projects, but District 10 has yet to produce comprehensive critical path schedules. Instead, the District has requested the RTPAs that have hired project management consultant firms to produce the schedules. In our frustration to ensure proper project management of our STIP projects, we have, in fact attempted to produce the schedules; however, the development of the schedules still depends upon proper input from the Project Managers and from the functional units. This information has been difficult to obtain. District 10 should maintain critical path schedules on all of their projects. These do not need to be complex computer systems, they can be developed using a spreadsheet and they can be enhanced based on good communications and forecasting during PDT meetings.

Although the Project Development Procedures Manual mandates PDTs and PDT meetings as an important function of project development, PDT meetings are rarely well coordinated and do not meet the needs of the team members. District and functional unit personnel often over attend the meetings. Many times, not only the unit senior attends the meeting, but also the entire unit staff. Sometimes, those that attend are not on the agenda, and have no need to attend. On several occasions, there have been inordinate lengths of time between PDT meetings. Unfortunately, project coordination rarely occurs outside the PDT Meetings. As mentioned before, those that can make determinations and decisions do not attend the PDT, and the District 10 Project Manager does not have the authority to make those determinations and decisions. Decisions are not documented in meeting minutes and action items are not recorded and followed up on.

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<sup>3</sup> *“Caltrans project managers use project time management techniques to produce resource-loaded critical path schedules. Work on the critical path is always fully resourced, using a combination of in-house staff, brokering, overtime, consultants, and contractors. Non-critical work elements with the least float (flexibility of schedule) are completed first and are scheduled in such a way as to minimize workload fluctuations. Caltrans maintains standard templates for use as starting points in developing critical path schedules.”*- Caltrans Project Management Handbook

Some RTPAs have brought on project management consultant firms and have been using those firms to ensure accurate project meeting notes, documentation of decisions and recordation and follow up of action items; an expensive use of consultant expertise.

District 10 should make it a practice to conduct regularly scheduled PDT meetings. During each PDT meeting, action items should be developed and maintained which identify tasks or actions that need to be accomplished to keep the project on schedule. Critical path action items should be highlighted. A specific individual should be given lead responsibility for each task or action item. A completion date for each action item should be agreed upon and recorded. Copies of the action items and PDT meeting minutes should be distributed after each PDT meeting. Follow-up calls or memos should be sent to the individuals responsible for all critical path tasks.

Use of well organized, regular PDT meetings can improve communications between District 10 and the regional partners. The Route 99 Widening in South Stockton is a project to widen Route 99 from four to six lanes between the Crosstown Freeway and Arch Road. The project is fully funded for the environmental and preliminary engineering phase through a combination of \$800,000 in Regional Improvement Program (RIP) funds and \$800,000 in Interregional Transportation Improvement Program (ITIP) funds (Caltrans' 25%). After a PDT meeting in October 2002 another PDT meeting was not held until June 2003 following a prompting for project information by SJCOG staff. At the time of the June 2003 PDT meeting, the District 10 Project Manager informed the PDT that both environmental and design work on the project had stopped two months earlier as a result of shortages in Caltrans staff resources. At no time did District 10 involve SJCOG in this decision, nor was any strategy cooperatively devised to insure that any work stopped occurred at a logical point or with a completed product.

StanCOG experienced a similar situation with the Route 99/Whitmore Interchange project. It had been five months since the last PDT meeting. At the insistence of StanCOG, the Project Manager scheduled the meeting. At the start of the meeting, the Project Manager stated that the project was on schedule and on budget. However, during the course of the meeting, it became very apparent that little or no progress had been made in the last five months. Not only that, it was determined that utility potholing was now on the critical path for right of way, structures and design. The utility unit had requested updated design layouts at the previous PDT and had not received them. No one had followed up jeopardizing the ready to list milestone.

The Department has just released (February 14, 2003) the Project Communication Handbook, a fairly comprehensive guidance to project communication between the Project Manager, team members and stakeholders. The Project Communication Handbook stresses the need for a project charter, communication plan and conflict resolution plan. The sooner District 10 implements the new guidance, the better. Every project in District 10 will benefit.

## **Cultural**

By virtue of being owner/operator of the State highway system, District 10 often takes the attitude that the state highway system belongs to them and they have the right to determine what is best for the system and how things get accomplished. This attitude ignores the important roles played by local agency staff, RTPAs and elected officials, who often are better connected to the actual highway users. The Regional Transportation Plans are developed considering the regional transportation needs of the community and include District input. As projects are moved from the planning stages into the project development stages, considerable resistance has been encountered from the various functional units. Traffic Safety and Traffic Operations units and Headquarters Geometrician units who should have considerable input into a project before geometric approval, for example, continue to have late input into the project development process long after geometric approval. As a result, major design revisions are necessary which impact environmental review and right of way engineering. It does not matter to those units that the project has completed the necessary environmental studies, those studies have to be revisited to get project approval, causing serious project delays and increased costs. In one instance, the redesign of a portion of a project could have had a significant cost savings, but it was determined that the design team did not have the time,

so the project was left as-is. District 10 Project Managers typically do not serve as the project advocate in trying to find suitable solutions that will keep the project on schedule and within budget.

District 10 continues to pay lip service to the RTPAs regarding partnering and the need to work together to deliver successful transportation projects. Tony Harris, Chief Deputy Director for Caltrans, participated in a CalACT/Rural Counties Task Force Annual Conference on October 18, 2002. He stated at that meeting that communication and partnering are key; this includes conflict resolution, timely decision making, and determining who is the decision maker with accountability. But, when we have asked District 10 to be accountable for project schedules and budgets, they have been unable to do so. As stated previously, the RTPAs are the responsible agency for programming those elements of regional projects into the STIP. We cannot partner effectively if those we depend on for delivery cannot account for their actions.

Caltrans District 10 has declared that for all mainline highway projects and for interchange projects that have an impact on traffic on the mainline, District 10 will be the responsible entity for advertising and awarding contract construction and construction management services. This position, which among the 12 Caltrans districts only District 10 has taken, effectively eliminates the application of the constitutional amendment (Proposition 35) passed by voters in 2000, and greatly reduces the flexibility of local and regional agencies in advancing the delivery of transportation projects that touch on the state highway system.

The question of what entity should advertise and manage the construction of an interchange or transportation facility is important. There are advantages to having Caltrans advertise and manage a project. Caltrans is very experienced at mainline improvements, and much of the liability for mainline improvements can be passed on to Caltrans though there are limits. However there are tradeoffs. All plan sheets used in designing the facility must be tailored to the specifications of the entity advertising the project. Caltrans' process is very lengthy, involves numerous redundant reviews, and is unique in the public construction industry in California. The experience of construction management teams varies greatly and communication with partners and local businesses and residents is not always a strength of the Department (though there are signs of improvement in this area).

In San Joaquin County, the Council of Governments and several local agencies have had considerable experience with these issues. The Jack Tone Road/Highway 99 interchange was advertised by the City of Ripon and managed by Nolte Engineering, a private firm with extensive experience in this area. The project was awarded for less than the engineer's cost estimate, was delivered on time, and with a minimum of change orders. The nature of the project, its importance to the City of Ripon as a gateway, signature project, and its impact on local development decisions argued for the City to develop the project in conjunction with the COG and then take responsibility for the construction of the project with Caltrans' oversight.

With the Arch/99 interchange project presently under construction the experience has not been so satisfying. During the project development process Caltrans District 10 required that the project be advertised and managed by District 10. This required redrafting all plan maps for the project costing approximately \$20,000 and adding a number of weeks to the schedule. District 10 delayed awarding the project twice without prior notice to its regional or local partners, and even suggested a third delay in awarding the project, which would have occurred without COG intervention. After award of the project District 10 informed the local and regional partners of an additional \$2 million in likely expenses that had not been programmed previously. While these expenses were a given in the Caltrans process they were news to the partner agencies. After less than a year in construction District 10 has revised its construction management costs upward by almost 50% from \$2.5 million to \$3.7 million.

In conversations with other planning agencies within California, other Caltrans Districts partner with the local agencies to cooperatively work out the best arrangement for advertising and managing construction projects on or about the state highway system. District 10 should modify its position to take a more cooperative attitude and acknowledge that private construction management may be preferable on some projects. Local and regional agencies can advertise and manage projects safely and to the best advantage of the traveling public while efficiently utilizing the public investment.

Often times, District 10 makes internal decisions regarding major cost, scope or schedule changes and then notifies the RTPAs after the fact. The RTPAs are left out of the determination, the evaluation and the resolution of issues that impact project costs, scopes and schedules. The RTPA staffs are left to explain to our Policy Boards and citizens the outcomes of those decisions we did not participate in, whether it is increased costs or delayed schedules. The Policy Boards want us to be accountable for efficiently and effectively getting projects on the ground. We must, in turn, hold District 10 accountable for project tracking.

An example of leaving the RTPAs out of the decision making process occurred with the Route 132 Vernalis Expressway Project, a joint project with SJCOG, StanCOG and Caltrans. The route is a high-volume two-lane commuter route that experiences the highest concentration of fatal accidents in the entire corridor. The project was identified during StanCOG's Route 132 Major Investment Study which identified the need for a divided four-lane facility and concluded that either a freeway or an expressway alternative should be further studied. However, because funding constraints make the freeway alternative nearly impossible for the near term, a four-lane expressway alternative with a wide median was determined to be the viable alternative to initially pursue. After several years of PDTs and nearly completing the EIR/EIS environmental document, the District 10 Traffic Safety and Traffic Operations along with Headquarters branches unilaterally determined that the expressway alternative was not viable and insisted that the freeway alternative or the no-build alternative acceptable. The RTPAs, learning of this decision through the design engineer, not the Project Manager, were duly concerned. Requests to District 10 to meet and discuss the issues were refused with the District insisting that they needed to meet internally to flesh out the problem. Several months later, the RTPAs still do not have official word on the outcome of the internal meetings. What we do know is that there is at least a year's delay in the environmental approval date.

### **Legislative**

The March 2003 Research Brief states that "...Caltrans incentives for performance are fashioned de facto by the STIP process, which is not designed to deliver projects on time or within budget". Historically, the California Transportation Commission (CTC) has tolerated Caltrans project delays with little fanfare. As one Caltrans manager states in the Research Brief, "you can do as many amendments to the schedule as you want". Only when the RTPA speaks before the CTC does it take notice. An example of this is the Tri-County Partnership (Alpine, Calaveras and Amador Counties), taking the numerous project delays and increasing project costs of the Amador 49 Bypass project to the CTC to complain. RTPAs do not want to be put in this position.

The Research Brief also points out that the Department can also augment a project's budget as many times as it likes, as stated by a regional manager, "The CTC lets Caltrans get away with dragging out projects and submitting cost increases, while local agencies get run through the wringer whenever they propose small changes." As one Caltrans project manager puts it, "It's harder to go to locals for cost increases than it is to go to CTC. Locals want to be sure costs don't escalate." In other words, it's easier to augment the project cost and schedule than it is to manage and control it. This dynamic may be changing now that funds are so short, however, true fiscal accountability remains elusive.

The Legislature allocates the resource budget to the Department. This means that resource allocation of all phases of the project except right of way acquisition and construction capital costs are not controlled by the CTC. As stated previously, the Department is required to submit allocation plans based on work plans converted to person years (pys) and dollars. The Department is not required to submit STIP allocation requests for support costs, let alone STIP amendments for support cost increases. Conversely, a Local Agency is required to request allocations from the CTC for all phases of a project for which it becomes the implementing agency. RTPAs that have determined that they can deliver projects faster and cheaper see this as a deterrent to fostering increased local project delivery.

In the current fiscal situation, the support phases of projects are not included in the CTC allocation plan, leaving the would-be implementing agency to either continue with the Department as the implementing

agency and suffer the cost increases and project delays, or find non-STIP money to continue on their own. Ironically, even with this inequity, some RTPAs in District 10 are willing to take on the challenge of delivering projects because they feel they will have much more control over project quality, cost, schedule, and delivery.

## Conclusion

The RTPAs in District 10 want to see the successful delivery of appropriately designed transportation projects delivered on time and within budget. We realize that designs, schedules and budgets change within the life of a project. However, when that happens, we want to be confident that the projects were managed effectively and efficiently so that cost escalations and delays are minimized, and can be explained to the communities we serve.

District 10 is sorely lacking in project tracking and accountability. We are accommodating District 10's mismanagement of projects by either reorganizing our own offices or by hiring consultants to aid the District in project management. This has a considerable fiscal impact to the RTPAs and ultimately the public. First, we are forced to use up precious Planning, Programming and Monitoring (PPM) dollars, which could better be spent on projects rather than supplementing the District's workforce. Second, every schedule delay costs money, whether it be escalation of construction and right-of-way costs or even time lost in congestion.

With the current laws and institutional arrangements, we have little choice but to work with Caltrans in delivering transportation projects.

Here are some suggestions that we think will improve project delivery and the relationships between District 10, RTPAs, and the locals:

- Undo the regional structure that has decisions about District 10 being made in District 6, Fresno.
- Create and approve cooperative agreements prior to programming that identify cost, scope, schedule, and working relationships. Quick turnaround on approving an agreement (i.e. a few months) is essential.
- Ensure the number of projects assigned to each Project Manager is appropriate to facilitate efficiency and effectiveness.
- Provide the Project Management Division with an adequate quantity and quality of Project Managers.
- Ensure that Project Managers receive "basic training" in all phases of project delivery, meeting facilitation, and conflict resolution.
- Maintain critical path schedules on all projects.
- Provide Quarterly progress reports that identify:
  - Original cost, scope, schedule and critical path for project
  - Budget expended to date and percent of work done;
  - Progress made prior quarter, by functional unit
  - Progress proposed for upcoming quarter, by functional unit
  - Proposed changes to the cost, scope and schedule with reasons
  - Anticipated problems or concerns
- Improve Project Development Team meetings
  - Discuss proposed attendees with RTPA or project sponsor in advance of meeting
  - Distribute agendas (**and attachments** when possible) one week prior to meeting
  - Agenda identifies important decisions to be made at meeting
  - Agenda includes review of last meeting's action items and follow-ups: was it done?
  - Keep detailed minutes and action items including responsible party and due dates, and distribute within two weeks of meeting
  - Review and update critical path schedules anticipate to future problems and areas where functional units need to work together
  - Review and adjust project budgets and resources

- More and better coordination outside PDT meetings
  - Don't wait for next PDT
  - Functional units must be responsive to Project Managers
- Quarterly meetings with Project Managers and the RTPAs to discuss project progress and any concerns or issues that need to be resolved.

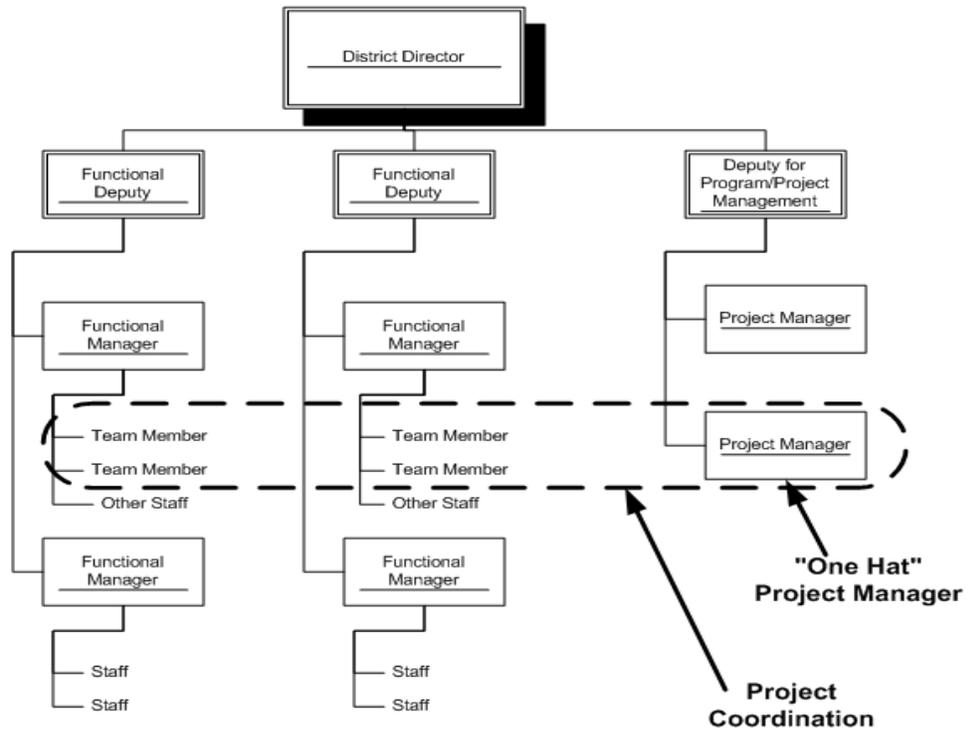


Figure 1. Organizational structure: one-hat project manager

**ITEM M**

**RCTF ISSUES AND OBJECTIVES**

Report November 12, 2003

**Issue/Objective**

<b>Rural Transit (FTA 5310, Welfare to Work, CalACT)</b>	<b>Pam Couch, Modoc</b>
<b>City/County/Caltrans/FHWA Coordinating Group</b>	<b>Celia McAdam, Placer</b>
<b>CalCOG Activities</b>	<b>Phil Dow, Lake &amp; Mendocino</b>
<b>Federal Aid Project Streamlining</b>	<b>C. McAdam</b>
<b>TEA-3 Federal Reauthorization</b>	<b>C. McAdam</b>
<b>Transportation for Economic Development Committee</b>	<b>C. McAdam</b>
<b>Quality Assurance Oversight Committee</b>	<b>C. McAdam, G. Dondero</b>
<b>RTP Guidelines</b>	<b>C. Field</b>
<b>ITS Statewide Architecture and system Plan</b>	<b>C. Field</b>
<b>Local Assistance “Enhanced Training Committee”</b>	<b>Spencer Clifton, Humboldt</b>
<b>Annual RCTF Conference w/CalACT</b>	<b>K. Mathews, D. Landon, G. Dondero</b>