

# CALIFORNIA RURAL COUNTIES TASK FORCE

GEORGE A. DONDERO, CHAIR  
CALAVERAS COUNCIL OF GOVERNMENTS  
(209) 754-2094; gdondero@calacog.org

GERRY LE FRANCOIS, SECRETARY  
MONO COUNTY PLANNING DEPARTMENT  
(760) 924-1800; glefrancois@mono.ca.gov

KATHRYN MATHEWS, VICE CHAIR  
EL DORADO COUNTY TRANS. COMMISSION  
(530) 642-5260; kmathews@innercite.com

## AGENDA

MAY 16, 2003

12:30 pm

Room 2116  
Caltrans HQ – 1120 N Street  
Sacramento, CA

*Note: All Task Force members are invited to join a luncheon for Celia McAdam, at Vallejo's Restaurant, between La Bou and the parking structure at 11<sup>th</sup> and O Streets, at 11:00 AM.*

12:30	A	Self Introductions	
12:35	B	Approve minutes of March 21	all
12:40	C	Proposed changes to TDA- presentation	R. Morales
1:10	D	Legislative Issues -	D. Baker – CSAC
1:25	E	Legislative Issues, Transit	L. Wilcox, CalACT
1:30	F	Joint Conference with CalACT	P. Spaulding, K. Mathews, D. Landon
2:00		Break	
2:15	G	TEA Reform Proposal	P. Dow S. Maller
2:25	H	STIP – Allocations, guideline changes - potential loss of PPM	D. Brewer G. Dondero
2:40	I	RTPA Handbook	J. Schwein R. Ledbetter
2:55	J	RCTF Issues and Objectives	various
3 :10	K	Other	
3 :15		Adjourn	

# CALIFORNIA

## RURAL COUNTIES TASK FORCE

---

GEORGE A. DONDERO, CHAIR  
CALAVERAS COUNCIL OF GOVERNMENTS  
(209) 754-2094; gdondero@calacog.org

KATHRYN MATHEWS, VICE CHAIR  
EL DORADO COUNTY TRANS. COMMISSION  
(530) 642-5260; kmathews@innercite.com

GERRY LE FRANCOIS, SECRETARY  
MONO COUNTY PLANNING DEPARTMENT  
(760) 924-1800; glefrancois@mono.ca.gov

**TO: TASK FORCE MEMBERS**

**RE: AGENDA NOTES FOR MAY 16, 2003**

- C. **Changes to TDA.** Ric Morales, Chief of Transportation Development at Caltrans will make a presentation addressing proposed changes to the Transportation Development Act. Some of these concepts were first aired at the RCTF conference last October. Your comments and questions will be welcome.
- D. **Legislation.** DeAnn Baker, Legislative Representative from CSAC will provide updates on current transportation-related legislation of interest to the rural counties. Ms. Baker will also summarize recent actions in the legislature regarding the state budget, SCA7, and Prop. 42.
- E. **Legislation-Transit.** Lee Wilcox of CalACT has provided an update on the TCRP, budget proposals, and fact sheets on AB813 and AB1065. CalACT supports both bills. Lee is unable to join us, but you may contact him at Leland@calact.org
- F. **RCTF/CalACT Conference.** The conference planning committee of Kathryn Mathews, Dan Landon and Pete Spaulding from CalACT will summarize discussions from the meeting of this group on the morning of May 16<sup>th</sup>. Bring your ideas for conference sessions and activities. The conference is set for Oct. 26-29 at Squaw Creek near Lake Tahoe.
- G. **TEA Reform Proposal.** The attached proposal by David Brewer will be discussed by the Commission at their June meeting. Phil Dow, our representative on the TEA Committee will lead the discussion on the proposal.
- H. **STIP Allocations and Guideline Changes.** David Brewer will be present to answer your questions regarding 2003-04 allocations and the proposed STIP guideline changes.

On a related note, many RTPAs are concerned about loss of PPM funds. Unless the CTC allocates them for 2003-04, many projects will suffer. Many of you responded to my informal survey by e-mail. Since PPM represents a very small dollar amount – only \$15M statewide and only \$2.8M for the rural counties – it would seem appropriate to request allocation of the funds. What actions should the Task Force take?

- I. **RTPA Handbook.** Jeff Schwein from Tehama County will introduce a project recently completed by consultants at Fehr & Peers Associates and Maas & Associates. The RTPA handbook, while developed for Tehama is general enough to be useful in most counties. Rich Ledbetter of Fehr & Peers will make a presentation and answer questions about the handbook.

**Rural Counties Task Force Meeting  
March 21, 2003**

Chair, George Dondero, opened the meeting, self-introductions and approval of minutes followed with a few corrections.

**Agenda Item C. – TEA Reform Proposal**

- Stephen Maller handed out CTC staff's proposal on TEA reform. Marty from Plumas County also distributed a handout on TEA. CTC will probably act in May on TEA reform. The discussion centered on putting TEA back into the STIP (when it appeared to not work very well). CTC staff feels that TEA is part of the transportation planning/programming process and should be included in the STIP process. It appears CTC wants TEA to be a higher visibility area. Concerns of RCTF members were:
  - Putting the TEA back into the STIP is a step backwards; add an additional processing burden for smaller communities, why would the CTC want to involve itself with small community projects?
  - Pedestrian, bike and beautification projects would be competing with potholes and road rehab projects,
  - SB 45 allows locals to decide when, where and how much of their RTIP's should be devoted to TEA enhancement type projects,
  - Is the TEA program more user friendly where its at now in Local Assistance or in the STIP?
  - Delivery and "use it or lose it" issues seems to be getting better, why change it?

Before the CTC April meeting, the TEA taskforce will meet. Members include Stephen Maller, Phil Dow, Pete Hathaway, David Yale and Diane Steinhausen. If you are concerned about this issue, please do not depend on my notes. Talk with Phil Dow the RCTF representative on TEA Reform. The RCTF thanks Phil for all his hard work on this issue.

**Agenda Item D. – Legislative Update – Transit - CalACT**

- Leland Wilcox gave an update on CalACT legislative priorities. Legislation to watch include: AB 813 - (fare box return issues, STA & TDA shares),
- ACA 7 – Dutra (lowers voting threshold for new taxes to 55%),
- SCA 2 – Torlakson (lowers vote threshold to majority for local transportation sales tax, if 25% goes to smart growth.)
- AB 1004 – Leslie (This bill would require a public transit operator, before approving a service reduction or route restructuring of bus service greater than 3% of total revenue miles or a fare increase for budget deficit purposes, to conduct a 3rd party competitive procurement process for a route that the operator determines will minimize all, or a portion of, the planned service reduction.)

Mary Pitto with RCRC can help RCTF on legislative issues

**Agenda Item E. – Annual RCTF-CalACT conference planning**

- Pete Spaulding needs feedback by May 30<sup>th</sup> from RCTF members on the Autumn Conference. The dates are set for October 26 to 29 at Resort at Squaw Creek, Olympic

Valley, CA. RCTF members involved in conference planning are: George Dondero, Walt Allen, Dan Landon and Kathryn Mathews.

**Agenda Item F. – Transportation Lobby Day**

- Unfortunately Sarah West did not make the RCTF meeting. The Lobby Day is April 8, 2003 at the Sacramento Convention Center. See the agenda handout.

**Agenda Item G. – Project Charters – workshop - Caltrans**

- Kevin Herritt, Shirley Choate and Spencer Clifton gave a presentation on Project Charters. Project Charters document the agreement between the sponsor and project manager on key phases or milestones of the project. Caltrans procedures will require charters on all new capital projects at the project initiation document phase. All new minor capital and existing major capital projects should have charters written at the beginning of the next new phase.

Some benefits of charters include:

- A communication tool on what the project goal is,
- Defines the key elements of the project, records roles and responsibilities of each project partner, affirms the lines of communications, and defines expectations for each phase of the project,
- Promotes timely decision making on the project and
- Identifies customer satisfaction requirements.

Charters are a good first step towards truth in programming or a binding contract. Each local entity can tailor charters to fit its level of involvement. Humboldt, Calaveras and Amador are some of the rurals that have used charters.

**Agenda Item H. – State budget, STIP allocations and STIP guidelines issues**

- David Brewer gave an overview of the March 12<sup>th</sup> commission and committee workshops. The three handouts from George D., Phil D. and Pete H. included in the agenda give good overviews. The CTC received a report of capacity and funds available over the next 18 months. Approximately 600 million will be allocated for the remaining fiscal year with 400 million going to the SHOPP and 200 million going to the STIP. The CTC expects 1.5 billion for the next fiscal year (03/04). The Commission may consider PPM funds as a higher priority. The CTC may delay funding votes until June or could vote all of the projects (based on the survey results/1<sup>st</sup> come 1<sup>st</sup> served). One of the problems with the survey is not knowing if the project listed will be the same as the projects delivered. David also stated STIP amendments will proceed and again, timely project delivery is very important to the CTC. CTC staff will issue a list of projects recommended for funding at the April meeting. The allocation list will follow the guidelines developed, but not adopted yet, that the Commission discussed in February. The 2004 STIP will add the last year of a 4-year share period and first year of a new 4-year share period.
- What happens to the remaining 02/03 projects not funded this year and timely use of funds? David responded that projects ready to go with submitted paper work for allocations are fine. Not receiving an allocation due to funding would be seen as meeting the timely use of funds and these projects would be waiting for funding when money is available.
- The CTC will postpone the 2004 STIP fund estimate until October. A corresponding delay in RTIP submittal would most likely be allowed. The STIP guidelines will probably be discussed with the CTC in June and adopted in September. The guidelines will spell out the

*RCTF Meeting Notes – 3/21/03*

rules for the 2004 STIP. David also stated the misconception about the ITIP only being used for project on the state highway and the RTIP only being used for local projects. David wants everyone to realize that these pots of money are not exclusive funding opportunities for the state or locals.

**Agenda Item I. – RTP Update process – problems and recommendations**

- Sharon Scherzinger gave a presentation on RTP issues and recommendations. Some of the issues and proposed recommendations include:
  - The MPOs and RTPAs should increase their efforts of interagency coordination. The RTP guidelines should be updated to stress the importance of coordination between neighboring MPOs and RTPAs.
  - A number of RTP from the last adoption cycle missed the statutory deadline of September 1, 2001. Govt. Code Section 65080 (3) (B) requires MPOs to submit their adopted RTP to the CTC and department by September 1, 2004. RTPAs must submit their adopted RTPs by September 1, 2005.
  - The various formats of RTP make reviewing these documents difficult at the state level. The CTC and department should make an effort to ensure the required information is easier to find within the various RTPs.
  - The environmental documents varied greatly in the preparation of RTPs. For those RTPs requiring an EIR, the guidelines should be updated to provide an example of a model RTP EIR.
  - There is a noticeable difference in goals and objectives expressed in many of the RTPs (example stressing transit but no transit projects programmed in the RTIP). The department staff should be comparing the project types and dollar amounts contained in the RTIP for consistency with the RTP.

George D. made the comment that RTPs should have stronger ties to general plans. Charles F. mentioned that many rural counties depend on local general fund money (or due to the lack of money) have a hard time updating their general plans and/or circulation elements. By coordinating RTP updates with local circulation elements, maybe both the RTPA and planning agency could benefit.

**Agenda Item J. – Legislative update**

Celia was not present, but CalACT gave a good overview on legislation.

**Agenda Item K. – LAMPP (Local Agency Manual for Processing Projects)**

George D. presented cd-roms on the Local Agency Manual for Processing Projects (LAMPP) that was a group effort of Calaveras COG and Amador County Transportation Commission. The big difference between LAMPP and the Local Assistance Manual is that LAMPP contains the information and forms most needed by a rural agency. Thanks to Cal COG and Amador CTC for this great resource. If you have comments, pass them on to George D.

Members would like a future agenda item for Local Assistance to give a presentation on Forms Plus.

**Agenda Item L. – RCTF Issues and Objectives**

Rural Transit Issue - Pam Couch suggested that Ric Morales be invited to the May RCTF meeting to discuss the proposed TDA changes. Pam is concerned that the 45-day comment period may have already started without RCTF input.

CalCOG Activities – No report.

TEA Advisory Committee – see agenda item C and/or talk to Phil Dow.

City/County/Caltrans/FHWA Coordination Group – No report.

Federal Aid Project Streamling/TEA 3 – No report.

Quality Assurance Oversight Committee – The 10% Expediting Fee – No report.

**Agenda Item M. – Other**

The April CTC meeting will be in Sacramento instead of Redding. The October CTC meeting will talk about rural needs and small transit operations. Please get your rural transit issues to Kathy.

**Adjournment to May 16, 2003**

**Please note the May meeting is back at Caltrans Headquarters.**

# CALIFORNIA RURAL COUNTIES TASK FORCE

---

**GEORGE DONDERO, CHAIR**  
**CALAVERAS COUNCIL OF GOVERNMENTS**  
**(209) 754-2094 gdondero@calacog.org**

**KATHRYN MATHEWS, VICE CHAIR**  
**EL DORADO CO. TRANS. COMMISSION**  
**(530) 642-5260 kmathews@innercite.com**

**GERRY LE FRANCOIS, SECRETARY**  
**MONO COUNTY PLANNING DEPARTMENT**  
**(760) 942-1800 glefrancois@mono.ca.gov**

TO: Task Force Members

From: George Dondero

Date: May 8, 2003

RE: CalACT Legislative Report

Leland Wilcox, Legislative Analyst for CalACT, could not join us May 16, but provided the following report on recent actions in the legislature:

#### **Bills**

CalACT suggests focusing on two bills: AB 813 and AB 1065.

Attached are fact sheets and letters from CalACT and the Transit Association. Both bills give transit much needed assistance right now. Currently both are moving along without any problems.

#### **2003-04 STATE BUDGET UPDATE**

On Thursday, May 1, the Legislature passed a package of cuts, loans and reversions totaling \$3.6 billion. This is the first significant action to occur on the budget in some time. Transportation financing was not contained in this package. We expect more substantive consideration of the budget to occur after the release of the May Revise, scheduled for May 14.

#### **TCRP**

Whether and how to fund the Traffic Congestion Relief Program continues to be an area of major discussion within the Legislature. Since the Governor proposed suspending Proposition 42 and eliminating all General Fund revenue for the 141 projects listed in the TCRP, at least for 2003-04, the transportation community and key legislators have engaged to protect the program. The most recent discussions on this item within the Legislature have taken two distinct tracks. While both the Senate and the Assembly Democrats appear supportive of continuing Prop. 42 and loaning some of its monies back to the General Fund, each House has developed competing views on how much to retain for transportation purposes. These are:

- Assembly The Assembly is seeking to fund \$459 million of TCRP projects for the budget year. This figure is estimated by the California Transportation Commission to be the amount necessary to keep projects on schedule, both those already allocated (i.e. approved by CTC vote) and those ready to be allocated and requiring cash flow support in 2003-04. The Assembly would also find a smaller amount of revenue, approximately \$100 million at this time, to split 40% for the State Transportation Improvement Program, 40% to local streets and roads and 20% to the Public Transportation Account.

- Senate The Senate has a more modest directive, to find \$207 million in budget year funding for TCRP projects. This amount is estimated by the CTC as the minimum amount of funding necessary to keep already allocated projects on schedule. The Senate is not expected to seek any additional transportation funding beyond this amount, at this time.

With the Senate and the Assembly proposing different alternatives to TCRP funding, this will likely be a key item of negotiation during the Joint Budget Conference Committee.

***ASSEMBLY REPUBLICAN BUDGET PROPOSAL***

On Tuesday, April 29, the Assembly Republican Caucus unveiled its proposal for balancing the 2003-04 budget. Their plan advocates loaning *all* Proposition 42 funds back to the General Fund, instead of a full suspension without payback, as the Governor has suggested.

## **AB 1065 (LONGVILLE)**

### **DOUBLING TRANSPORTATION DEVELOPMENT ACT (TDA) FUNDING FOR TRANSIT**

#### **PURPOSE:**

This bill would allow county boards of supervisors to double the current ¼ percent sales tax dedicated specifically to local transit agencies, as authorized by the Transportation Development Act (TDA) of 1971.

#### **BACKGROUND:**

The Transportation Development Act of 1971 officially proclaimed California's dedication to funding public transit. That Act allowed for the board of supervisors in each county to impose a ¼ percent sales tax on all taxable goods within the county. The revenues are used exclusively to provide public transit service and to maintain streets and roads in rural counties.

The revenue derived from TDA has proven to be the backbone of transit funding in California, and contributes to vital road maintenance and rehabilitation in rural areas. However, the taxable rate (¼ percent) has not been raised since its introduction. As a consequence, the value of the revenue derived from this source has eroded precipitously over time.

#### **WHY:**

#### **AB 1065 does NOT RAISE TAXES.**

It provides county governments the option to double local funding for transit systems all over California.

Increased funding is necessary so that transit agencies can put new service on the street, ease congestion, and provide alternatives to the single-occupant vehicle. In fact, the California Transportation Commission's study of 1999 transportation needs showed that transit operating funds must be increased by about 37% -- or \$400 million per year -- in order for transit agencies to provide a truly world-class mobility option to California's growing population.

Additionally, streets and road funding is scarce in our rural counties.

April 27, 2003

The Honorable Ed Chavez  
Chair, Assembly Committee on Revenue & Taxation  
State Capitol, Room 5150  
Sacramento CA 95814

**RE: SUPPORT – AB 1065 (LONGVILLE) –LOCAL CONTROL OF TRANSIT FUNDING**

Dear Chair Chavez:

I am writing on behalf of the *[Your Agency Here]* to urge you to SUPPORT AB 1065 (Longville) when it is heard in your Committee on Revenue & Taxation. This bill would start to address the need to increase investment in local public transit services by allowing county boards of supervisors to double the current one-quarter percent sales tax dedicated specifically to local transit agencies derived from by the Transportation Development Act (TDA) of 1971.

TDA authorized counties to raise a local one-quarter percent sales tax and dedicate the revenues to transit. The revenue derived from TDA has proven to be the backbone of transit funding in California, and contributes to vital road maintenance and rehabilitation in rural areas. However, the taxable rate (one-quarter percent) has not been raised since its introduction. As a consequence, the value of the revenue derived from this source has eroded precipitously over time.

We note that AB 1065 does NOT RAISE TAXES. Rather, the intent of AB 1065 is to provide counties another possible tool to address the long decline in the TDA's local transportation buying power. In other words, the bill merely provides county governments the option to double local funding for transit systems all over California. Such action would presumably be subject to existing constitutional requirements and case law regarding imposition of sales and use taxes for special purposes.

Unfortunately, this bill is necessary because current transit investment levels are insufficient to meet the State's mobility needs. In 1998, the Legislature called for a study of the state's transportation funding needs. The resultant Senate Resolution 8 (Burton) report from the California Transportation Commission provides a comprehensive transportation investment plan for the State of California, which cites a need of \$450 million per year in new funds to maintain and improve transit services. Regrettably, we are headed in the wrong direction: the Governor has asked the legislature to suspend Proposition 42, and therefore cut the 2003-04 State Transit Assistance (STA) Program by at least \$42 million due to the current Budget crisis.

*[Please identify any proposed raises in fares, service cuts, lay-offs or deferment of capital your agency is currently considering.]*

AB 1065 (Longville) would provide local governments a tool to address this need and ensure a steady investment stream from a source first established in 1971, to dramatically improve transit services and clean our air. Additionally, counties in rural areas will be able to improve streets and road funding.

For these reasons, I again urge you to SUPPORT AB 1065 (Longville). Please feel free to contact me if you have any questions. *[Enter your contact information]*

Sincerely,

*[Your Name]*  
*[Your Title]*

**Cc: Members and Consultants, Assembly Committee on Revenue & Taxation  
The Honorable John Longville  
Leland C. Wilcox, Legislative Mobilization Coordinator, CalACT**

## AB 813 (SALINAS)

### RATIONALIZING FAREBOX RECOVERY RATIOS

#### **PURPOSE:**

This bill would assist smaller transit agencies in meeting state requirements to obtain vital state and local funding.

#### **BACKGROUND:**

State law requires transit operators to recover a certain percentage of their operating costs from the farebox -- in other words, from the transit rider -- in order for operators to receive their Transportation Development Act (TDA) funds and their State Transit Assistance (STA) Program funds. In addition, to receive STA funds for operating purposes, an operator's operating cost per revenue vehicle hour must not exceed the preceding year's operating cost, adjusted by inflation.

Both of these funding eligibility criteria require transit operators to maintain costs within a certain parameter or risk losing vital funding. It is, of course, appropriate for the state to impose efficiency and productivity criteria on transit operators, and the industry works very hard to meet these goals.

**However, certain costs are beyond the reasonable control of a transit operator.** For instance, the commercial insurance market has recently undergone an extreme tightening of available capital, which has caused insurance premiums for all risks to skyrocket, including for public transit liability insurance. Similarly, the energy crisis of the last two years has caused a steep increase in the price of certain fuels for many operators in California.

These kinds of cost increases -- sudden, unplanned and unavoidable -- have threatened the continued receipt of some transit operators' TDA and STA funding, namely smaller, rural agencies. **AB 813 merely exempts from the definition of cost in the TDA and STA eligibility criteria certain specified costs beyond an operator's control -- such as federally-required paratransit services, insurance, and fuel -- to the extent they increase beyond a specified threshold.**

#### **WHY:**

The Legislative Analyst's Office recently studied this problem, and found "*that transit operators will be facing a number of cost pressures in future years...While it is reasonable to require transit operators to meet certain farebox ratio requirements, there may be circumstances when transit operators are not able to comply due to conditions beyond their control. The options discussed [by the LAO] would allow transit operators, in meeting the eligibility requirements of both the [TDA] and STA programs, to mitigate those circumstances in which they experience significant increases in costs that are beyond their control.*"

April 9, 2003

The Honorable John Dutra  
Chair, Assembly Committee on Transportation  
State Capitol, Room 3091  
Sacramento CA 95814

**RE: Request for Support – AB 813 (Salinas) – Farebox Recovery Ratios**

Dear *[Your Assemblymember Here]*:

On behalf of the *[Your Agency Here]* I urge you to SUPPORT AB 813 (Salinas) when it is heard in your Committee on Transportation. This bill would assist smaller transit agencies in meeting state requirements to obtain vital state and local funding.

Funding eligibility criteria require transit operators to maintain costs within a certain parameter or risk losing vital funding. It is, of course, appropriate for the state to impose efficiency and productivity criteria on transit operators, and the industry works very hard to meet these goals. However, certain costs are beyond the reasonable control of transit operators. For instance, the commercial insurance market has recently undergone an extreme tightening of available capital, which has caused insurance premiums for all risks to sky rocket, including for public transit liability insurance. Similarly, the energy crisis of the last two years has caused a steep increase in the price of certain fuels for many operators in California.

These kinds of cost increases -- sudden, unplanned and unavoidable -- have threatened the continued receipt of some transit operators' TDA and STA funding, namely smaller, rural agencies. AB 813 merely exempts from the definition of cost in the TDA and STA eligibility criteria certain specified costs beyond an operator's control -- such as federally-required paratransit services, insurance, and fuel -- to the extent they increase beyond a specified threshold.

The Legislative Analyst's Office recently studied this problem, and found "*that transit operators will be facing a number of cost pressures in future years ... While it is reasonable to require transit operators to meet certain farebox ratio requirements, there may be circumstances when transit operators are not able to comply due to conditions beyond their control. The options discussed [by the LAO] would allow transit operators, in meeting the eligibility requirements of both the [TDA] and STA programs, to mitigate those circumstances in which they experience significant increases in costs that are beyond their control.*"

*[Please provide any information related to your agency here. i.e. – Document recent insurance or ADA cost increases]*

For these reasons, I again urge you to SUPPORT AB 813 (Salinas). Please do not hesitate to contact me with any questions you may have about the bill. *[Please Enter Your Contact Information Here]*

Sincerely yours,  
*[Your Name]*  
*[Your Title]*

Cc: Members and Consultants, Assembly Committee on Transportation  
The Honorable Simón Salinas  
Leland C. Wilcox, Legislative Mobilization Coordinator, CalACT

**DRAFT OUTLINE OF PROPOSAL FOR PROGRAMMING OF  
FEDERAL TRANSPORTATION ENHANCEMENT FUNDS  
IN THE STIP AND SHOPP**

**Basic Proposal:**

- All Federal Transportation Enhancement (TE) apportionments, beginning with FFY 2003-04 (the first year under Federal reauthorization), will be programmed in the State Transportation Improvement Program (STIP) or the State Highway Operation and Protection Program (SHOPP). They will not be programmed under the separate Transportation Enhancement Activities (TEA) program that has been used for TE apportionments under the Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21). Remaining TEA-21 apportionments will continue to be allocated and administered under the separate TEA program.
- During the transition period prior to the adoption of the 2004 STIP, new TE programming may be amended into the 2002 STIP. Where a region has already programmed TE projects for 2003-04 under the procedures of the old program, these projects may be amended into the 2002 STIP prior to adoption of the 2004 STIP. The Commission's intent is that the programming, allocation, and expenditure of Federal TE apportionments not be delayed by the change in State programming method.
- The purpose of this change is
  - to promote the full, timely, and effective use of the State's Federal TE apportionment, making more TE funding available where and when there is the greatest need and demand for TE-eligible projects,
  - to minimize the fragmentation of the program and mandates on individual regional agencies,
  - to clarify the respective project selection roles of State and regional agencies, and
  - to maintain the administrative flexibility found in the prior program, including the use of TE program reserves and delegated authority for allocations.

**General Process:**

- To the extent possible, Federal TE funds will be treated just as other Federal apportionments are treated in the Fund Estimate and in programming the STIP and SHOPP. Generally, the Fund Estimate and programming are accomplished without regard to Federal funding programs. The programming process provides enough flexibility statewide for the Commission and Department to insure that all Federal funds are used without requiring that each region program each Federal funding source separately. The programming of TE apportionment in this way is based on the premise that there is sufficient need and demand for TE-eligible projects statewide.
- With the addition of TE apportionments, the total resources available for the STIP and SHOPP will be greater than would otherwise be the case. This will, in turn, increase the amounts of interregional and county shares above what they would otherwise have been. In the RTIPs and ITIP, the regions and the Department will generally be free to propose as much or as little as they choose for TE-eligible projects, just as they have in the past proposed projects without regard to funding type. It will be the Commission's responsibility to insure that the final STIP includes enough projects to use the state's expected TE apportionments. No upper limit on TE-

eligible projects is needed since Federal law permits other Federal fund types to be used for TE-eligible projects.

- To retain the flexibility of the current program, the Commission will permit RTIPs to designate a TE project reserve in the STIP without designating the particular TE projects, much like the existing reserves permitted for RSTP/CMAQ match. The Commission will also delegate allocation authority for TE-eligible local projects to the Department.
- Projects eligible for TE apportionments, like projects eligible for other Federal funds, may be programmed through the SHOPP or nominated for the STIP through either the ITIP or an RTIP. The STIP Guidelines, however, will lay out principles for the inclusion of TE projects in the SHOPP or ITIP, recognizing that for the SHOPP and ITIP, projects are selected primarily by the Department and do not come from county shares.

### **TE in the SHOPP, ITIP and RTIP:**

The STIP Guidelines will lay out the following principles for inclusion of TE-eligible projects in the SHOPP, ITIP, and RTIP.

- **TE projects in the SHOPP.**
  - The Department may include in the SHOPP any TE-eligible project that is an enhancement directly related to another SHOPP or STIP project. Projects are eligible only if they are over and above any normally required project mitigation.
  - The Department may also include in the SHOPP a TE-eligible project for the support of a statewide program that is not related to a capital outlay project. This could include, for example, safety and educational activities for pedestrians and bicyclists, a scenic highway program, or archaeological planning and research.
  - The Department may not use the SHOPP for local grants or to support a call for local projects. The Department may, however, entertain proposals from local agencies for enhancements to Department SHOPP or STIP projects.
  - The Department may not use the SHOPP for stand-alone TE capital outlay projects. Such projects should be funded in the STIP, through either the ITIP or RTIP.
- **TE projects in the ITIP.**
  - The Department may include in the ITIP a project from any TE-eligible category that relates to the interregional surface transportation of people or goods or that is a capital outlay project of statewide benefit and interest.
  - In the case of pedestrian and bicycle facilities, the project should provide an alternative to travel on a State highway that is part of the interregional road system or provide access to a state or national park or to an interregional surface transportation facility.
  - The Department may not propose TE-eligible grants to local agencies in the ITIP. However, the Department may propose TE-eligible grants for projects to be implemented by other State agencies or for scenic land acquisitions by land conservancies. [Do we need to define the Department process for this?]
- **TE projects in the RTIP.**
  - A region may include in its RTIP any TE-eligible project.

- A region may also include in its RTIP a reserve for TE-eligible projects. Project allocations may be made from this reserve without amending the STIP to designate the particular project. This will permit regions to designate a set-aside for the regional TE program in the STIP, while selecting specific TE projects at a later date.
- The Commission will delegate to the Department the authority to allocate funds for local agency TE projects, except where the allocation is for more than \$1.5 million.
- **Timely use of funds and county shares for TE projects.**
  - The Commission will not apply the AB 1012 timely use of funds rule to TE projects in the STIP. That rule continues to apply by statute to RSTP and CMAQ funds. It will also continue to apply to funds apportioned to regions under the prior TEA program.
  - TE projects in the STIP will be subject to the same timely use of funds rules that apply to all other STIP projects. Projects must be allocated within the year programmed or receive a one-time extension of up to 20 months. After allocation, the project must be awarded or commenced within 12 months, and the funds must be expended within 36 months, also with a one-time extension possible.
  - As with other STIP projects, programmed projects may not be reprogrammed after the beginning of the year of delivery. However, the use of TE reserves will permit a regional agency to change projects up to the time of allocation.
  - A TE reserve, like an existing STIP reserve for RSTP/CMAQ match, would be treated as a project for timely use of funds purposes. That means that any amount programmed in a TE reserve in a given fiscal year would have to be allocated for some TE project during that year, or the balance of the reserve would cease to be programmed and would lapse. The amount lapsed would return to the county share in the next county share period.
  - As with other STIP projects, allocations are made for the purpose of a specific project. Unexpended allocations will not be returned to the county share. County shares will be based on the amount allocated, not on actual expenditures. (This rule provides an incentive for estimating accurately, avoiding premature allocations, and providing partial funding from non-STIP sources.)
- **TE matching.**
  - Regions may include the cost of non-Federal match as part of any STIP TE project, including projects programmed through the regional TE reserve. It may still be of advantage to regional and local agencies to provide some non-STIP funding to avoid having unexpended allocations.
  - Since the non-Federal TE match may be programmed in the STIP either directly or through the TE reserve, there will no longer be a separate TE match as part of the RSTP/CMAQ match reserve.
- How will the State insure that its Federal TE apportionments are being programmed, allocated, and expended?
  - To a large extent, the proposal is based on the premise that there is sufficient statewide need and demand for TE-eligible projects, though that need and demand may be uneven from county to county and from year to year.

- The fund estimate will define the statewide availability of TE apportionment by fiscal year but will place no limit on front loading for TE-eligible projects. It is likely that the Commission will be able to program TE projects in the STIP's first year, even when non-TE projects will be programmable only in later years.
- In applying its programming discretion, the Commission may favor counties that are programming TE-eligible projects. This may mean an advance of current county share.
- In adopting the STIP, the Commission will examine the statewide amount of TE-eligible programming, including the year-by-year spread. If TE-eligible programming falls short of utilizing the anticipated TE apportionment, the Commission will leave the amount of the shortfall unprogrammed and available only for amendments of TE-eligible projects.
- [For discussion.] As an option the following target could be used: The Commission will expect that a given percentage of the interregional share and a given percentage of the county shares of counties with a population over 1,000,000 will be programmed for TE-eligible projects. If an RTIP of one of these counties fails to include sufficient TE-eligible programming (including TE reserves), the Commission may reject the RTIP for the county. The given percentage will be based on the ratio of estimated Federal TE apportionments to programmable resources. [Problem: minimums have a way of becoming maximums.]
- There is no maximum amount of TE-eligible programming that an RTIP may propose. There is no limit on front-loading TE-eligible projects in the STIP, and the Commission will respread TE project only in the unlikely event that this appears necessary to insure that all of California's TE apportionments will be obligated.

RCTF ISSUES AND OBJECTIVES

Report May 16, 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>TEA Advisory Committee 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>Local Assistance "Enhanced Training Committee"</b>	<b>Spencer Clifton, Humboldt</b>
<b>Annual RCTF Conference w/CalACT</b>	<b>K. Mathews, D. Landon, W. Allen, G. Dondero</b>