California
Transportation
Commission

2000 ANNUAL REPORT TO CALIFORNIA LEGISLATURE

Volume II

2000 Activity and Accomplishments

Pursuant to Government Code Sections 14535-14536

Adopted December 5, 2000

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CALIFORNIA TRANSPORTATION COMMISSION

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TO
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STATUTORY REQUIREMENT
FOR
ANNUAL REPORT TO THE LEGISLATURE

(GOVERNMENT CODE)

CHAPTER 3. ANNUAL REPORT

Commission's Annual Report
Amended: Statutes of 1984, Chapter 95 (SB 283)

14535. The commission shall adopt and submit to the Legislature, by December 15 of each year, an annual report summarizing the commission's prior-year decisions in allocating transportation capital outlay appropriations, and identifying timely and relevant transportation issues facing the State of California.

Contents of Annual Report
Amended: Statutes of 1997, Chapter 622 (SB 45)

14536. (a) The annual report shall include an explanation and summary of major policies and decisions adopted by the commission during the previously completed state and federal fiscal year, with an explanation of any changes in policy associated with the performance of its duties and responsibilities over the past year.

(b) The annual report may also include a discussion of any significant upcoming transportation issues anticipated to be of concern to the public and the Legislature.

CALIFORNIA TRANSPORTATION COMMISSION

2000 ANNUAL REPORT TO CALIFORNIA LEGISLATURE

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A. Traffic Congestion Relief Program

Governor Gray Davis, in an April 2000 announcement, reported that the State would enjoy a general budget surplus and proposed that a substantial portion of it be directed to transportation programs. Later in the year, the Legislature enacted and on July 6, 2000 the Governor signed AB 2928 (Torlakson), followed by cleanup legislation in SB 1662 (Burton), setting up the Traffic Congestion Relief (TCR) Program and providing about $6.8 billion in new funding for transportation. The new funding for transportation included $1.5 billion in direct general funds from the FY 2000-01 budget surplus, plus about $5.3 billion over six years from transferring all remaining state sales taxes on gasoline and diesel fuel from the General Fund to transportation, thus bringing substantial new funding to transportation without increasing gas taxes, truck weight fees, or the State's bonded indebtedness.

The identified $6.8 billion will be funneled from the General Fund to the Transportation Investment Fund (TIF), where in turn $5.4 billion will be disbursed to the TCR fund for specified projects. The remaining revenues in the TIF will be used to fund the "40-40-20" program. Forty percent (40%) of the remaining TIF funds would be used to augment the State Transportation Improvement Program, 40% would be directed to cities and counties for continued maintenance and rehabilitation, and 20% would be directed to the Public Transportation Account. Specifically, the TIF Fund provides funds for the following purposes:

- about $5 billion, via the TCR Fund, for a new TCR Program to provide specified amounts of funding for 141 designated projects, with agencies identified to carry each one out, intended to relieve congestion, improve commerce, and improve connections among transportation modes;
- about $1 billion as increased subventions to counties and cities, for maintenance, rehabilitation, reconstruction, or damage repair on local streets and roads;
- about $600 million for the State Transportation Improvement Program (STIP), with the first $500 million available to be programmed by the Commission in the 2000 STIP;
- about $300 million for the Public Transportation Account, which had been facing a deficit, to provide operating assistance for local transit, funding for the state's intercity rail program, and funding flexibility to the STIP for transit investments; and
- $5 million to the High Speed Rail Authority for environmental studies for a proposed high speed rail line between Northern and Southern California.

The TCR Program offers several other opportunities:

- Counties and cities may swap federal local assistance funds to the state for TCR funds, at a 10% discount, based upon federal obligation authority levels, up to as much as $350 million per year statewide, through guidelines approved by the Commission, to free local agencies from federal red tape and concentrate federal funds on larger state projects that will have to deal with federal requirements and red tape anyway.
- The Commission and Caltrans get an opportunity to streamline program and project delivery requirements, free from statutory constraints for the STIP and its federal funding.

- State general funds increase flexibility to pursue different kinds of transportation projects, ones not fitting into the traditional highway and rail transit model, unencumbered by the Constitutional restrictions of Article XIX.
- The STIP is extended from four years to five, to get more projects underway, retaining the current 75% regional/25% state division of programming and interregional program focus for the 25% state share.
- An agency may apply for an alternative or substitute project in four circumstances: if it faces externally caused delays which it does not expect to be able to avoid, or cannot fund the designated project to completion in a reasonable time, or if the project is not consistent with the Regional Transportation Plan and the regional agency will not or cannot include it, or would interfere with completion of projects in the 2000 STIP.

The statute also laid out a process and deadlines for the TCR Program. The process, somewhat more streamlined than the one used for the STIP, includes an application to the Commission to define purpose, scope, cost, financial plan, and schedule for each designated project, a cooperative agreement with Caltrans for reimbursement of project expenditures, and a post-project audit, with the Commission able to advance state funds to the agency doing the project. All agencies face a two-year deadline for project applications to the Commission: by July 6, 2002. The applicant must provide documentation from the appropriate regional agency that the applicant's project is consistent with that regional agency's RTP. Regional agencies must sign for any project that has Regional (STIP) funding component to it, while Caltrans must sign for any project that has an Interregional (STIP) funding component to it. The statute gave the Commission until October 6, 2000, (90 days) to adopt guidelines for the TCR Program, and until February 1, 2001, to adopt guidelines to activate the swap of state funds for federal local assistance funds.

The total cost to complete all projects designated in the TCR Program comes to $18 billion, with $5 billion coming from TCR Program funds, in fixed amounts for each project. Nearly one-third of the projects receive full funding from the program, on average two-thirds (and in some cases 90% or more) of the funding for projects must come from other sources. However, the bulk of supplemental funding needed to complete projects affects primarily three projects: the Alameda Corridor East freight rail/grade separation project in Southern California, the I-5 widening in Los Angeles County, and the San Francisco Bay Area Rapid Transit (BART) District extension from Fremont to San Jose.) Although local sales taxes, other local funds, or private funds may provide funding for some projects, most will have to seek additional funding from the STIP or federal programs.

After the final deadline of July 6, 2002, or any time the Commission determines an applicant is failing to make progress on project delivery, the Commission can revert unused funds for other TCR Program purposes. The program may also accrue savings from projects completed at lower cost than estimated, and will pick up a 10% "discount rate" on the swap of state funds for federal local assistance funds. The statute leaves to the Legislature and Governor the responsibility to determine how those additional funds eventually are used.

Traffic Congestion Relief Program Guidelines

The Commission and Caltrans have worked together to get this program off to a flying start. Caltrans and Commission staff drafted guidelines and put them out for review within a month. The Commission aggressively sought to streamline current procedures used in the STIP, to help get projects approved, funded, and delivered more quickly and easily in this program. Following discussion with regional agencies and Caltrans, the Commission adopted final guidelines on September 28, 2000, with all parties expressing consensus approval.

In brief summary, these guidelines:

- explain the responsibilities of the project applicant named in statute, the agency implementing the project, the regional agency, the Commission, and Caltrans;
- lay out the contents of project applications, particularly including a financial plan for the four phases (environmental studies, plans and estimates, right of way acquisition, and construction) of a project, and allow the application to serve in lieu of a project study report in defining project scope, cost, and schedule;
- provide a streamlined process for project review, approval, and implementation, under which the Commission would:
    - intend to review project applications within 45 days and allocate funds within 21 days,
    - accept partial applications phase-by-phase as projects proceed,
    - require Caltrans and the implementing agency to draw up their cooperative agreement concurrently with Commission review and approval of project application and funding,
    - approve funding with review and approval of the project environmental document, with subsequent allocation of funds delegated to Caltrans as long as the project does not change in scope, cost, or schedule, and
    - review and consider project amendments on the next upcoming agenda, eliminating the 30-day notice requirement, except for the most significant or controversial cases;
- set up a primary state point of contact through project managers in each Caltrans district;
- lay out the consequences for failure to meet deadlines;
- explain state funding requirements for billing, reimbursement, and audit, and the circumstances under which the Commission would approve advance of state funds to a project;
- clarify the statute regarding how cost increases must be handled and savings can be used;
- caution project sponsors to take into account up front the extra requirements for the STIP, federal funding, and the environmental process for those projects that will receive funding from both the TCR Program and the STIP or federal sources;
- define the process and circumstances for applying to the Commission for an alternative project to the one specified in the statute or a substitution of traffic congestion relief funds from one project to another; and
- set up a process for the Commission and Caltrans to track projects and expenditures in the TCR Program, including an annual progress report to the Legislature by February 1 each year.

The First Project Approvals and Allocations of Funds

The TCR Program provides a final increment of funding for some projects ready for construction, initial funding to get some projects started, and funding commitments for other, more visionary projects for the future. Immediately after adopting the program guidelines, the Commission considered an early wave of project applications and funding allocations. At its last three meetings of 2000, the Commission received and approved applications for 48 projects (plus an additional 6 applications for later stages of the same projects) totaling $566.7 million, and allocated $295.2 million of that to get project work underway. Twenty of these projects are funded all the way through construction, and the other 17 are just being started, funded only through environmental studies or preparation of plans.

The applications received and approved through December 2000 represent 26% of the projects designated in the statute, and 4% of program funding is now flowing. The State Controller has sent the entire $400 million appropriated this year in AB 2928 for local street and road maintenance funds to cities and counties in October.

Upcoming Actions

With about 100 project applications still due over the next 18 months, the Commission expects to review a steady flow of 5-10 project applications per month, with accompanying allocations as work gets started and progresses. The bulk of TCR Program funds go to construction of larger projects, which will need several years to complete environmental studies and engineering; in the meantime, the program can put its revenues to work helping to expedite other local projects via swap of funds.

The Commission plans to review draft guidelines for the swap of state funds for federal local assistance funds (at a 10% discount in favor of the state) at its January 2001 meeting, and adopt those guidelines in February 2001. Following that, the Commission can begin considering applications from regional agencies to swap funds on a project by project basis, to allow local agencies to expedite projects by avoiding federal requirements; via this swap, the state ends up with additional federal funds instead of state TCR funds, but the state has large projects already qualified for federal funding on which it can use these federal funds with essentially no extra cost or delay.

One issue that must be resolved is whether legislation is needed to permit the federal funds from the swaps to be repaid to the TCR fund account. AB 2928 requires Caltrans to repay the TCR Fund all funds received as federal reimbursements for funds exchanged. Currently, however, it appears no mechanism exists to permit this repayment to occur.

Volume I of this Annual Report also discusses the TCR Program (in Section I-A). In that discussion, it identifies program issues, which have not yet been resolved and reports on the status of all 141 projects defined in the statute, as best can be determined at the relatively early date of November 1, 2000. The Commission intends this discussion to serve as its first required annual report to the Legislature on the TCR Program, due by February 1, 2001, as specified in the statute.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

B. Legislation: Overview of 1999-2000 Session

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

B. Legislation: Overview of 1999-2000 Session

The main legislative focus of the California Transportation Commission (Commission) in the 1999-2000 Legislative Session was on bills addressing California's acute transportation funding needs and reforms to expedite the design and construction of programmed projects. New Commission responsibilities resulting from legislation approved in 1999 and 2000, and the final status of the bills tracked by the Commission in 2000 are summarized below.

New Commission responsibilities reported on in the 1999 Annual Report include:

Inclusion of a Freight Rail Element in the 10-year State Rail Plan developed by Caltrans biennially for submission to the Legislature, the Governor, the Public Utilities Commission, and the Commission. (Chapter 373, Statutes of 1999, AB 74, Strom-Martin)

Authorizing pre-allocation expenditures by a regional or local entity to expend its own funds for any component of a transportation project within its jurisdiction that is included in the current fiscal year of the State Transportation Improvement Program (STIP) and for which the Commission has not made an allocation. **(**Chapter 572, Statutes of 1999, AB 872, Alquist**)**

Establishing project delivery reforms including establishing Regional project delivery teams, a Caltrans Management Information systems advisory group, funding for project support work on projects not in the STIP, a reimbursable work sub-account, State Highway Account loan program, project study report waiver process, and requiring local agencies to use certain federal funds within three years. **(**Chapter 783, Statutes of 1999, AB 1012, Torlakson**)**

Establishing a GARVEE financing program authorizing the Commission to issue federal highway grant anticipation notes (GARVEE bonds) to accelerate funding for eligible transportation projects. (Chapter 862, Statutes of 1999, SB 928, Burton)

The primary legislative focus by the Commission in 2000 was on the Transportation Congestion Relief Program (TCRP) developed by the Governor and the Legislature. Governor Davis signed AB 2928 (Torlakson, Chapter 91, Statutes of 2000), which established the TCRP on July 6, 2000. The TCRP was amended by SB 406 (Ortiz, Chapter 92, Statutes of 2000), which was also signed by the Governor on July 6, 2000, and by SB 1662 (Burton, Chapter 656 Statutes of 2000), which was signed September 26, 2000.

The TCRP legislation provides an estimated $6.8 billion of funding over a six-year period for 141 specific transportation projects specified in the TCRP, local street and road maintenance, the Public Transportation Account (PTA) principally for transit operations and capital projects, and the STIP. The funding is provided by an appropriation of $2.05 billion for FY 2000-01, and the transfer to the Transportation Investment Fund (TIF) of the revenue collected for the state sales tax from the sale of motor vehicle fuel in FY 2001-02 through FY 2005-06. Sales tax revenues totaling $678 million go to the TCRP projects each year, and the remaining funds are split 40% local streets and roads, 20% PTA, and 40% STIP. The funds are distributed as follows:

	FY 2000-01 Appropriation	FY 2001-02/FY 2005-06 Estimated Revenues	Total Funding
TCRP Projects	$1,600 million	$3,400 million	$5,000 million
Local Streets and Roads	$400 million	40%, $600 million	$1,000 million
Public Transportation Account	$45 million	20%, $300 million	$345 million
High Speed Rail Authority	$5 million		$5 million
STIP		40%, $600 million	$600 million

Traffic Congestion Relief Program (TCRP)

1. Extends the four-year STIP and the four-year Fund Estimate process, to five years.

2. Establishes the Transportation Congestion Relief Fund (TCRF) in the state treasury and appropriates the money in the TCRF to:
   - Caltrans for allocation, as directed by the Commission, to Caltrans and certain regional and local transportation entities for transportation projects listed in the bill,
   - The Controller for allocation to cities and counties for street and road maintenance, rehabilitation, and reconstruction, and
   - The Commission for the purposes of a funding exchange program established by the bill.

3. Establishes a list of transportation projects eligible for funding with money from the TCRF, specifies the lead applicant for each project and establishes a procedure for the lead applicant to apply to the Commission for funds for each project.

4. Authorizes the designated lead agency for a project specified in the TCRP to submit an application for an alternate or substitute project that is designed to relieve congestion consistent with this act if:
   - the specified project is delayed by environmental or other factor external to the control of the lead agency,
   - sufficient matching funds are not available,
   - the specified project is not included in or consistent with the respective regional transportation plan, or
   - completion of the specified project would jeopardize completion of other projects previously programmed in the STIP.

5. Requires the Commission, not later than 90 days from the effective date of the act, in consultation with Caltrans and representatives from regional agencies and local agencies, and after a public hearing, to establish guidelines to implement this chapter. The guidelines shall include, but not be limited to:

- criteria for project applications,
- estimation costs,
- assessment of capability to complete the project,
- allocation of funds to project phases,
- timely expenditure of funds,
- management of changes to cost, scope, and schedules,
- assessment of progress in implementing projects, and
- audit requirements.

6. Authorizes the Commission, upon adoption of implementing guidelines, to consider project applications and requires that the Commission shall:
   - ascertain that a project is included in, or is consistent with, the appropriate regional transportation plan before approving a project application involving right-of-way or construction phases,
   - begin review of a project application within 30 days of receipt of the application,
   - either approve or deny a project within 90 days of receipt of the application and all requested information and state specific reasons for denying an application,
   - not deny, or unreasonably delay approval of, an application that meets the requirements of this chapter, including the guidelines adopted by the Commission,
   - direct Caltrans to allocate funds to the appropriate agency for projects specified in the TCRP, specifying the percentage rate of reimbursement for expenditures for each phase of the project, considering the funding shares from various sources that comprise the full funding of each phase.

7. Provides that approval of a project by the Commission shall be deemed rescinded if the responsible agency does not seek an allocation from the Commission and start the first phase of work during the fiscal year scheduled in the approved project application.

8. Requires that Caltrans shall execute a cooperative agreement with the agency responsible for carrying out the work for reimbursement of project expenditures approved by the Commission, and shall use electronic reimbursement procedures established by the Controller to the extent prudent and practical.

9. Provides that funds allocated from the TCRF shall be available for encumbrance for three years after the date of allocation, and encumbered funds shall be available for liquidation for two additional years, unless the time limit is extended by an act of the Legislature. Any funds not expended by that time limit shall revert to the TCRF.

10. Provides that after notifying the Commission of savings in any phase of a project, the lead applicant may use those savings for expenditures on a later phase of the same project. If a project can be completed at a lower cost than expected, any savings shall be divided among all funding sources contributing to the project in the proportion each of the funding sources bears to the total funding for the project as defined in the approved project application. For the savings that revert to this program, the Commission shall determine the amount to be returned to the TCRF.

11. Requires that the Commission shall report annually, starting no later than February 2001, to the Governor and the Legislature on progress in implementation of the program. The report shall assess program-wide implementation progress and identify project schedules and delays, project failures, cost savings, and any opportunities for the specification of additional or alternative projects for funding. The Commission report may also discuss any significant issues associated with implementation of the program and recommend changes that could improve implementation.

12. Requires the Commission to:
    - establish a program to allow exchange of federal regional surface transportation funds and federal Congestion Mitigation and Air Quality (CMAQ) program funds for State transportation funds,
    - to propose guidelines and procedures to implement this section,
    - hold a public hearing on the guidelines,
    - adopt the guidelines on or before February 1, 2001,
    - begin the exchange program on or before February 1, 2001, if it determines that funding is available for that purpose,
    - amend its guidelines after holding a public hearing, but not between the time it notifies regional transportation planning agencies of the amount of state funds available for exchange and its approval of projects for exchange in any given year,
    - include a summary of exchanges made pursuant to this section in its Annual Report to the Governor and Legislature pursuant to Section 14556.36, including an assessment of progress in implementing projects funded by exchanges, and discussion of issues and recommendations related to implementation of the exchange program.

Funding Provisions

13. Appropriates $1,500,000,000 from the General Fund to the TCRF.

14. Appropriates $400,000,000 from the TCRF to the Controller for allocation to cities and counties for certain, specified purposes of this bill.

15. Appropriates $5,000,000 from the TCRF to the Authority for the purpose of commencing preliminary environmental documentation for the implementation of a high-speed rail service in California.

16. The sum of $678,000,000 is intended to be provided in each of five successive fiscal years, commencing with the 2001-02 fiscal year.

17. Requires, for the 2000-01 fiscal year only, that all revenue, less refunds, derived under the state sales and use tax law at the 5% rate, resulting from state and federal motor vehicle fuel taxes, be transferred quarterly to the TCRF.

18. Requires the Controller to transfer the estimated amount that is attributable to revenue collected for the sale, storage, use, or other consumption in this state of motor vehicle fuel from the General Fund to the TIF, which the bill creates in the state treasury.

19. Requires the Controller, for each quarter during the period commencing on July 1, 2001, and ending on June 30, 2006, to transfer from the TIF :
    (a) to the TCRF, the sum of $169,500,000, for a total transfer of $3,390,000,000;
    (b) to the Public Transportation Account 20% of the amount remaining in the TIF after the transfer described in (a),
    - to Caltrans, 50% for purposes of bus and passenger rail services, or transit capital improvement projects,
    - to the Controller, 25% for allocation to the State Transit Assistance program based upon proportional transit revenues of each transit operator to the total revenues of all operator in the State, and
    - to the Controller, 25% for allocation to the State Transit Assistance program based upon proportional population of each transportation planning agency's region to the population of the State.

    (c) to Caltrans 40% of the amount remaining in the TIF after the transfer described in (a), for programming for transportation capital improvement projects, subject to all of the provisions governing the STIP;
    (d) to the counties, including a city and county, 20% of the amount remaining in the TIF after the transfer described in (a), for apportionment in accordance with local subvention formulas; and
    (e) to the cities, including a city and county, 20% of the amount remaining in the TIF after the transfer described in (a), for apportionment among the cities in the proportion that the total population of the city bears to the total population of all the cities in the State.

General Provisions

20. Authorizes money deposited into the State Highway Account in the State Transportation Fund that is not subject to the constitutional requirements of Article XIX of the California Constitution to be used for any transportation purpose authorized by statute.

21. Requires that funds transferred as described in (d) and (e) be deposited in local transportation accounts in order to avoid the commingling of those funds with other local funds, and that the funds be used only for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair, as defined.

22. Requires cities and counties to maintain their existing commitment of local funds for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair in order to remain eligible for allocation of the funds described in (d) and (e).

23. Requires, until June 30, 2001, that the amounts transferred to the TCRF from the General Fund be included for purposes of calculations relating to school funding required under the California Constitution.

24. Prohibits, for the 2000-01 fiscal year, any General Fund forecast of revenues used for implementation of superseding offsets of the annual vehicle license fee from including any revenue loss due to the transfer of Sales and Use Tax Law revenues to the TCRF.

25. Requires the Los Angeles County Metropolitan Transportation Authority (LACMTA) to give first priority for using its share of transit assistance and operation funds to providing the levels of bus service mandated under the October 29, 1996 consent decree.

BILLS ENACTED IN 2000

AB 769 (Margett) - Vehicles: Preferential Vehicle Lanes
CHAPTER 63 Statutes of 2000 (07/03/2000)

SUMMARY: Sets the minimum occupancy level on highway lanes for high-occupancy vehicles on that portion of Interstate 10 known as the San Bernardino Freeway at 3 persons, including the driver, during the peak commuting hours of 5:00-9:00 a.m. and 4:00-7:00 p.m., Monday through Friday, inclusive, and two persons, including the driver, at all other times.

AB 1419 (Davis) - Highways: Relinquishment: State Highway Route 209
CHAPTER 523 Statutes of 2000 (09/19/2000)

SUMMARY: Authorizes the Commission to relinquish State Highway Route 209 to the City of San Diego upon terms and conditions the Commission finds to be in the best interests of the State, if the Commission and the city enter into an agreement providing for that relinquishment.

AB 1703 (Florez) - High-speed Rail Service
CHAPTER 791 Statutes of 2000 (09/28/2000)

SUMMARY: Extends the termination date of the Authority until December 31, 2003, and provides for the expiration of the terms of the members of the Authority.

Governor's signing message:

This bill would allow for the reconstituting of the Authority's membership by providing discretion to the Governor, as well as the other appointing powers, to either replace or reappoint existing members. This provision will bring more accountability to the State agency that will be responsible for implementing a statewide high-speed train network in California. I

(Bills Enacted in 2000 Continued)

believe it is critical that the Authority balance the extraordinary cost of this system with the long-term commitment of the State to fund other vital transportation projects.
I will seek legislation next session that will authorize the Governor to appoint the Secretary for the Business, Transportation and Housing Agency and the Director of the State Department of Transportation as voting, ex-officio members of the Authority.

Extending the sunset date of the Authority will provide the necessary continuity and resources to complete the first phase of the statewide program environmental impact report that will study high-speed train technology alternatives. The State budget includes $5 million for this purpose.

AB 1703 would restore Caltrans' responsibility for overseeing the operation of intercity rail passenger trains with speeds up to 125 miles per hour. This provision will allow Caltrans to pursue capital and operational improvements to state-funded intercity rail passenger service that allow these trains to achieve higher speeds, thereby increasing frequency and ridership.

AB 1807 (Longville) - California Environmental Quality Act (CEQA)
CHAPTER 738 Statutes of 2000 (09/27/2000)

SUMMARY: Relates to consultations under CEQA. Requires the lead agency preparing an EIR to send notice to the Office of Planning and Research, and requires that transportation information resulting from the report be submitted to Caltrans when the project has impacts that are of statewide, regional, or areawide significance.

Governor's signing message:

I am signing Assembly Bill 1807, which amends the California Environmental Quality Act (CEQA) to require a lead agency, which determines that an Environmental Impact Report (EIR) is required, to also send notice to the Office of Planning and Research (OPR). The bill would also require transportation information resulting from a reporting or monitoring program, currently submitted to a regional transportation planning agency, to also be submitted to the Department of Transportation (Caltrans).

In signing this measure, I am also directing OPR and Caltrans to implement the bill using existing staff resources.

(Bills Enacted in 2000 Continued)

AB 1871 (Runner) - Highways: High-Occupancy Vehicle Lanes
CHAPTER 337 Statutes of 2000 (09/08/2000)

SUMMARY: Prohibits until June 1, 2002, any high-occupancy vehicle (HOV) lane from being established on State Highway Route 14 between the City of Santa Clarita and the City of Palmdale, unless the lane is authorized as an HOV lane only during the hours of heavy commuter traffic. The bill also requires any existing HOV lane established at the specified location to be modified to conform to those requirements. In addition, the bill requires the Legislative Analyst to report to the Legislature on the impact to traffic by limiting the use of HOV lanes.

AB 1951 (Longville) - Transportation: Public Transit: Funding
CHAPTER 632 Statutes of 2000 (09/26/2000)

SUMMARY: The Southern California Regional Rail Authority consists of five member agencies, and the Altamont Commuter Express Authority consists of three member agencies. This bill requires each Authority to report to the Controller, on an annual basis, the ratio that the fare box revenue of each member agency of the Authority during the prior fiscal year bears to the total revenue of the Authority during that fiscal year. Require the Controller to allocate to each member agency of the Authority, State Transit Assistance funds an amount that is based on the ratio provided by the Authority.

AB 2016 (Strom-Martin) - Humboldt Bay Harbor District
CHAPTER 719 Statutes of 2000 (09/27/2000)

SUMMARY: Appropriates $1,580,000 from the General Fund to the State Lands Commission for allocation in the 2000-01 fiscal year to the Humboldt Bay Harbor District for the purpose of meeting local matching share requirements for federal navigation projects.

Governor's signing message:

This bill would appropriate funding to the Humboldt Bay Harbor district to be used for navigation improvement and safety projects. Normally I oppose such local expenditures, however, the northern region of the State is experiencing unique economic difficulties. This bill would provide one-time economic relief for one of the major regions of the State with an economy that is not thriving. Therefore, I am signing this measure and reducing the appropriation to $580,000.

AB 2140 (Keeley) - Regional Transportation Plans
CHAPTER 832 Statutes of 2000 (09/29/2000)

SUMMARY: Revises the requirements for the policy and financial elements of the transportation plan and would limit those revised requirements to transportation planning agencies with populations that exceed 200,000 persons. Authorizes those agencies, except as specified, to prepare at least one alternative planning scenario, and would list the requirements for that alternative planning scenario. Does not apply to a transportation plan adopted on or

(Bills Enacted in 2000 Continued)

before September 1, 2001, proposed by a transportation planning agency with a population of less than 1,000,000 persons.

AB 2252 (Maldonado) - Aviation: Spaceports
CHAPTER 191 Statutes of 2000 (07/24/2000)

SUMMARY: Amends the California Airport District Act to additionally authorize airport districts to provide and maintain spaceports and landing places for space re-entry traffic and would define various terms. Makes related changes.

Governor's signing message:

I am signing Assembly Bill 2252 because it both promotes and supports an aeronautic future when Reusable Launch Vehicle flights will likely become common in California. However, I do believe that important safety, environmental and community concerns need to be addressed prior to the designation and certification of each site. While it is likely that some existing airports can and will safely meet local, State, and federal requirements, certification and administrative procedures need to be clarified. I have been assured by the author that he will carry follow-up legislation to address these issues. Therefore, I am signing this bill.

AB 2522 (Shelley) - Vehicles: Pedestrians: Bicyclists
CHAPTER 833 Statutes of 2000 (09/29/2000)

SUMMARY: Would establish the Pedestrian Safety Account in the State Transportation Fund to be available, upon appropriation, for allocation by Caltrans to local governmental agencies approved for grants to undertake pedestrian safety improvement projects, including projects designed to improve facilities for pedestrians and bicyclists in areas where need has been demonstrated by high pedestrian injuries or fatalities.

AB 2607 (Knox) - Highways: Pilot Project: Contracts
CHAPTER 340 Statutes of 2000 (09/08/2000)

SUMMARY: Increases the number of permissible transportation projects from 6 to 12 for the Caltrans demonstration program to let design-sequencing contracts for the design and construction of transportation projects and extends the operative date of the program to 01/01/05.

AB 2848 (Firebaugh) - Environmental Impact Reports
CHAPTER 387 Statutes of 2000 (09/11/2000)

SUMMARY: (1) Existing law provides that if a project requires both an EIR prepared pursuant to CEQA and an environmental impact statement prepared pursuant to the National Environmental Policy Act (NEPA) of 1969, the lead agency, whenever possible, shall use the statement as the report. In that situation, existing law requires the lead agency that will substitute the statement for the report to consult, as soon as possible, with the federal agency required to prepare the statement. This bill would also require the lead agency to notify the federal agency required to prepare the statement of any scoping meeting for the proposed project.

(Bills Enacted in 2000 Continued)

AB 2928 (Torlakson) - Traffic Congestion Relief Program

CHAPTER 91 Statutes of 2000 (07/07/2000)

SUMMARY: Extends the four-year STIP, including the four-year fund estimation process, to five years. Establishes the TCRP in the state treasury and would appropriate the money in the Fund to the Commission for allocation to the department and certain regional and local transportation entities for transportation projects listed in the bill, to the Controller for allocation to cities and counties for street and road maintenance.

SB 406 (Ortiz) - Traffic Congestion Relief Program

CHAPTER 92 Statutes of 2000 (07/07/2000)

SUMMARY: Establishes a list of transportation projects eligible for funding with money from the TCRP, specifies the lead agency for each project, and establishes procedures for implementing the TCRP.

SB 1080 (Sher) - Toll Bridges

CHAPTER 686 Statutes of 2000 (09/27/2000)

SUMMARY: If the Metropolitan Transportation Commission (MTC), serving as the Bay Area Toll Authority, grants toll-free and reduced-rate passage on toll bridges under its jurisdiction to any vehicle pursuant to law, this bill requires the Commission to grant the same toll-free and reduced-rate passage to vehicles displaying a valid Ultra Low Emission Vehicle or Super Ultra Low Emission Vehicle identifier issued pursuant to existing law.

SB 1562 (Burton) - Mitigation of Projects through Restoration

CHAPTER 925 Statutes of 2000 (09/29/2000)

SUMMARY: Relates to wetlands restoration as mitigation for expansion of San Francisco International Airport (SFO). Specifies the details to be discussed by the lead agency in evaluating restoration of salt ponds in south San Francisco Bay as mitigation for expanding the runways at SFO. Requires the lead agency, if the project requires more than one-acre fill in San Francisco Bay, to include in the EIR analysis of joint management of SFO and the Oakland International Airport, as an alternative to the project.

SB 1584 (Schiff) - Highways: Route 110: Relinquishment

CHAPTER 270 Statutes of 2000 (08/31/2000)

SUMMARY: Authorizes the Commission to relinquish to the City of Pasadena a specified portion of State Highway Route 110, upon terms and conditions the Commission finds to be in the best interests of the State. Requires the relinquishment would become effective immediately following the recordation by the county recorder of the relinquishment resolution containing the Commission's approval of the terms and conditions of the relinquishment.

(Bills Enacted in 2000 Continued)

SB 1645 (Perata) - Highways: State Highway Route 880: Relinquishment
CHAPTER 538 Statutes of 2000 (09/19/2000)

SUMMARY: Authorizes the Commission to relinquish to the City of Oakland a specified portion of the former rights-of-way of State Highway Route 880, upon terms and conditions the Commission finds to be in the best interests of the State, including a requirement that the Department of Transportation and the city enter into a cooperative agreement to improve the portion of right-of-way that is to be relinquished, as specified.

SB 1662 (Burton) - Transportation: Finance
CHAPTER 656 Statutes of 2000 (09/26/2000)

SUMMARY: Clean-up of the TCRP enacted July 7, 2000, by AB 2928 (Torlakson, CHAPTER 91 Statutes of 2000).

SB 1772 (Brulte) - Highways: Bicycle Transportation Account: Funds
CHAPTER 834 Statutes of 2000 (09/29/2000)

SUMMARY: Existing law requires that the amount of $1,000,000 during each of the calendar years 1998, 1999, and 2000; $2,000,000 during each of the calendar years 2001 and 2002; $3,000,000 during the calendar year 2003; and $5,000,000 during the calendar year 2004, and annually thereafter, be transferred from the Highway Users Tax Account in the Transportation Tax Fund to the Bicycle Lane Account in the State Transportation Fund. This bill, commencing on July 31, 2001, and on the last day of each month after that date, to and including June 30, 2006, increases the amount required to be transferred to the Bicycle Lane Account to $600,000 per month ($7,200,000 per year). The bill would require that after June 30, 2006, the sum of $416,667 per month ($5,000,004 per year) be transferred to the account on the last day of each month after that date.

SCR 96 (Karnette) - Intermodal Freight Access
RESOLUTION CHAPTER 158 Statutes of 2000 (09/20/2000)

SUMMARY: Requests Caltrans, in cooperation with the Business Transportation & Housing Agency (BT&H), the Trade and Commerce Agency, the Commission, lead transportation agencies, ports and airports, and other appropriate parties, prepare a proposal for a "Global Gateways Development Program" to improve major freight gateways in California to enhance overall mobility, including increased access at and through international ports of entry, international airports, seaports, other major intermodal transfer facilities and goods movement distribution centers, and trade corridors in California. The Program shall identify high-priority airport and seaport access and intrastate transportation projects that serve to facilitate the movement of intrastate, interstate, and international trade beneficial to the State's economy. Caltrans is requested to prepare and submit to the Legislature a report on the progress in preparing the Global Gateways Development Program, on or before March 1, 2001, and to submit a final report on that program to the Legislature on or before July 1, 2001.

BILLS VETOED IN 2000

AB 1066 (Cardenas) - Department of Transportation: Contracts
VETOED (09/26/2000)

SUMMARY: Authorizes Caltrans to enter into a contract with a federally recognized Indian tribe (Shingle Springs Band of Miwok Indians) for Caltrans to provide services related to the development and installation of freeway on-ramps and off-ramps and related access roads serving State Route (SR) 50.

(Bills Vetoed in 2000 Continued)

Governor's veto message:

This bill would authorize Caltrans to contract with the Shingle Springs Band of Miwoks Indians to facilitate construction of improvements to Highway 50, benefiting the reservation. Until the second to the last day of the legislative session, this bill related to the display of slot machines at trade shows. I have previously expressed my dislike for bills substantially amended during the waning hours of the legislative session without the benefit of public input. Furthermore, while the contractual arrangement specified in this bill may have merit, I believe it is imperative that the greater community be given the opportunity to participate in the issues surrounding the proposed highway improvements.

AB 1093 (Strom-Martin) - Transportation Funding
VETOED (09/24/2000)

SUMMARY: Creates in the State Transportation Fund the Short Line Railroad Improvement Account to be administered by Caltrans. Authorizes Caltrans to approve grants to short line railroads to be funded from the account. The funds may be used for the cost of capital improvement projects, state matching portion of federal grants for rail-highway grade crossing improvement projects, rehabilitation of track bed and structures, restoration of railroad facilities damaged or destroyed in circumstances declared as a State of Emergency by the Governor, and purchase of railroad equipment necessary to maintain rail service.

Governor's veto message:

This bill would create the Short Line Railroad Improvement Account in the State Transportation Fund, to be administered by Caltrans. The bill would authorize Caltrans to approve grants to privately owned short line railroads for capital costs and related uses.

Neither the Budget Act of 2000 nor the Transportation Congestion Relief Act appropriated funds for the purposes outlined in this bill. Furthermore, because this bill would exclude use of Public Transportation Account and Article XIX funds for these grants, the result would be a greater demand on the general fund.

(Bills Vetoed in 2000 Continued)

AB 2091 (Pacheco) - Transportation: State Highway Route 91

VETOED (09/28/2000)

SUMMARY: Authorizes the Orange County Transportation Authority (OCTA) and the Riverside County Transportation Commission (RCTC), mutually, to recommend to the Commission, the Legislature, and the Governor, not later than November 1, 2000, an independent appraiser to conduct an appraisal of the fair market value of the toll facility constructed on SR 91. If the recommendation has not been made on or before November 1, 2000, the Commission shall make that recommendation to the Legislature and the Governor not later than December 1, 2000. The Commission shall appoint the appraiser recommended by OCTA and RCTC on November 6, 2000, or on December 4, 2000, if selected by the Commission. The sum of $500,000 is appropriated from the State Highway Account to Caltrans for allocation to the appraiser for the purpose of completing the appraisal. The appraisal of the toll facility may not be funded with local funds.

Governor's veto message:

This bill would authorize Orange County Transportation Authority (OCTA) and Riverside County Transportation Commission (RCTC) to recommend to the Legislature, the California Transportation Commission (CTC), and the Governor, by November 1, 2000, an independent appraiser to appraise fair market value of the State Route 91 toll lanes - a privately funded facility. The bill would provide that, if the recommendation has not been made by November 1, 2000, the CTC would be required to make the recommendation not later than December 1, 2000.

Regardless of how the recommendation is made, the CTC would be responsible for appointing the appraiser by November 6, 2000, if the recommendation is made by OCTA/RCTC or by December 4, 2000, if the recommendation is made by the CTC. The bill would require the appraiser to complete the appraisal at the earliest possible time. The bill, an urgency measure, would appropriate $500,000 to Caltrans from the State Highway Account for allocation to the appraiser. The bill would prohibit the use of local funds to pay for the cost of the appraisal.

I am returning this bill to the Legislature unsigned for several reasons, most notably, that the State does not need statutory authority to make these resources available. I am, therefore, prepared to make up to $250,000 available to OCTA and RCTC to conduct a valuation of the franchise for the State Route 91 toll facility at such a time that they mutually agree upon a party to perform such services for them.

The State has a contractual relationship with the owners of the franchise for the SR 91 toll facility. Any participation by the State in abrogating our responsibilities under that agreement makes the State vulnerable to legal action by the franchisees. I applaud local interests and Members of the Legislature who wish to generate a body of knowledge that can be used to determine their potential courses of action with regard to the future of transportation services in this corridor.

(Bills Vetoed in 2000 Continued)

The bill would also prohibit the use of local funds to pay for the cost of the study. I see no reason to limit, by law, local interests' ability to use their resources to compile the most beneficial and responsible information for their use. Finally, I am concerned about the time limits imposed by the bill. I see no reason to impose upon local and regional governments a deadline that restricts their ability to obtain the most valuable information by a mutually agreed upon and reputable party.

AB 2199 (Pescetti) - State Highway 99 Study

VETOED (09/28/2000)

SUMMARY: Requires the County of Sacramento, in consultation with the Sacramento Area Council of Governments and Caltrans to conduct and submit the results of a study to the Legislature on or before January 1, 2002, of that portion of SR 99 between the Grant Line Road exit in Elk Grove and the City of Sacramento to evaluate the (1) the factors that have contributed to an increase in vehicle collisions, (2) whether the high-occupancy vehicle configuration of the freeway is a significant contributor to congestion on the segment, (3) a forecast of the differing impacts on air quality, traffic congestion, and cost to taxpayers between no expansion of SR 99 and continuation of plans to provide alternatives to individual vehicle transportation, and expansion of SR 99 combined with an expansion of public transit and other congestion reduction alternatives.

Governor's veto message:

This bill would require the County of Sacramento, in consultation with the Sacramento Area Council of Governments (SAC0G) and Caltrans, to conduct a study of Route 99 between Grant Line Road in Elk Grove and the City of Sacramento.

The bill is unnecessary. Caltrans and the Sacramento Council of Governments routinely work together to study this corridor as well as other corridors throughout the region.

SB 1629 (Sher) - Highways: Pedestrian and Bicycle Access

VETOED (09/28/2000)

SUMMARY: Requires bicycle and pedestrian access to be included on all highways and toll bridges constructed, as defined, after a specified date unless the responsible agency determines that there are exceptions after an open and public meeting, as prescribed.

Governor's veto message:

This bill would require any new highway or toll bridge and any highway or toll bridge modified to increase the number of vehicle lanes to include sidewalks, pathways, or other equivalent facilities for pedestrians on both sides of the road and bike lanes or adequate shoulders for bicyclists. The bill would exclude freeways, certain previously planned toll bridge work in the San Francisco Bay Area, and all maintenance, rehabilitation, replacement, and seismic retrofit work provided that this work does not increase the number of vehicle

(Bills Vetoed in 2000 Continued)

lanes. The bill also provides a number of criteria under which a project may be exempted from the requirements of the bill.

I believe that improving conditions for pedestrians and bicyclists on California streets and highways is an important priority. Toward that end I have signed three measures to improve pedestrian and bicycle access and safety: SB 1772 by Senator Brulte, will substantially increase funding to the Bicycle Transportation Account in the State Transportation Fund; AB 2522 by Assemblymember Shelley, will create a new Pedestrian Safety Account to increase funding for pedestrian safety improvements projects; and AB 2140 by Assemblymember Keeley, will encourage transportation planning agencies to prepare alternative planning scenarios, including encouraging public transit usage, walking, and bicycling.

Caltrans' design standards for the State Highway System already require that the needs of pedestrians and bicyclists be considered in the design and development of projects. Furthermore, every regional transportation agency in the State is required to adopt a comprehensive Regional Transportation Plan (RTP) that must include a bicycle and pedestrian Component.

In this regard, SB 1629 would do little more than codify existing practice. However, by imposing a mandate upon local governments, the bill would impose a substantial new burden upon these entities in the form of increased design and construction costs. Local governments could, in turn, seek reimbursement for these State-mandated costs of at least $25 million from the General Fund. No provisions for these monies were made in the budget. If successful, these claims would substantially impact the General Fund, drawing resources away from other equally important purposes.

SB 1809 (Johnston) - Transportation Enhancement Activities (TEA) Funding
VETOED (09/28/2000)

SUMMARY: Would add a state requirement, where there is no federal requirement, to spend 10% of federal "Minimum Guarantee with Special Limitations" funds for transportation enhancement activities, and would specify that the State's 25% share of the additional funds be used in the statewide competitive portion of the enhancements program. This would redirect about $15 million per year now used for transportation projects to increase funding for enhancements, with $3.75 million programmed by the State and $11.25 million by the regions. Federal law currently requires that 10% of federal Surface Transportation Program funds (about $63 million per year in California) be spent for enhancements, broadly defined as bicycle and pedestrian facilities, scenic beautification, historic renovation, and water quality and habitat improvements.

(Bills Vetoed in 2000 Continued)

Governor’s veto message:

This bill would require that not less than 10 percent of the funds apportioned to the State as the remainder of federal minimum guarantee apportionments be programmed for transportation enhancement activities, as defined in federal law, and would specify how these funds shall be allocated to local agencies for eligible projects.

I am vetoing this bill because it would shift funding that is already programmed for specific capital highway, street, road, and rail projects, to transportation enhancement activities such as beautification and bike trails, for which the need for additional funding has not been established, and for which there are other state and federal funding sources, which are not fully committed. In fact, there are more funds available and unused than this bill would redirect. Additionally, by reducing overall funding for transportation improvements, this bill could affect the delivery of projects within this Administration's Traffic Congestion Relief Plan.

SB 1813 (Speier) - CalTrans: Contract Disputes

VETOED (09/26/2000)

SUMMARY: Provides that a claimant against the State seeking payment on a contract is entitled to arbitration if more than 240 days have elapsed since the acceptance of the work by the contracting department, and the claimant has not initiated arbitration under any other provision of law. Establishes procedures affecting Caltrans for the administrative review of disputes involving contractors and subcontractors.

Governor’s veto message:

This bill would revise the process for resolving a dispute between Caltrans and its contractors and their subcontractors. Under the bill, a subcontractor would be authorized to initiate arbitration proceedings with Caltrans prior to completion of the contract.

Under existing contract law, Caltrans has no contractual relationship with a subcontractor. Subcontractor claims must be resolved with the prime contractor. This bill circumvents procedures to accelerate subcontractor claims. Additional time spent arbitrating subcontractor claims by Caltrans project staff may lead to project delays and the need for additional personnel.

SB 2019 (Polanco) - Transportation: High-Speed Rail Authority

VETOED (09/28/2000)

SUMMARY: Requires the Authority to prepare a plan for the construction and operation of a maglev high-speed train to connect Los Angeles International Airport with downtown Los Angeles, the San Gabriel Valley, Ontario International Airport, March Field in Riverside County, and Palmdale International Airport, and to submit the plan to the Legislature and Governor for review.

(Bills Vetoed in 2000 Continued)

Governor's veto message:

This bill would require the California High-Speed Rail Authority to prepare a feasibility study for the construction and operation of a maglev train system in Southern California.

While the general intent of the bill -- to deploy high-speed maglev train service in Southern California -- is laudable, this bill is premature. I recognize that the State of California has applied for and received funding for pre-construction activities under the federal Maglev Deployment Program. I stated at that time that while I support the program, I would withhold judgment as to which high-speed train technology best serves the people of California until after completion of the program studies. California has subsequently applied for funding under the federal program to perform additional engineering, financial and environmental studies related to the maglev project description submitted to the Federal Railroad Administration. In our recent application letter to the FRA, we specifically stated that these studies needed to be conducted before California commits to construction of the maglev project. SB 2019 would appear to endorse maglev as the technology of choice for California before those studies are even completed.

In conjunction with our application for funding under the federal program, the California High-Speed Rail Authority has commissioned a statewide program environmental impact report that includes the study of both maglev and steel-wheel-on-steel-rail technologies.

I do not believe it would be fiscally prudent nor productive for the Authority to be required to expend significant additional funds that will duplicate the pre-construction activities already performed under the federal Maglev Deployment Program and those scheduled under the upcoming statewide program ElR.

SB 2036 (Alarcon) - Airports: Temporary Project

VETOED (09/28/2000)

SUMMARY: Requires Caltrans to establish before July 1, 2001, and through July 1, 2004, a program at the general aviation airport in the State with the largest total number of operations per year (Van Nuys), for the purpose of determining the estimated number of acres, residents, and dwelling units within a certain range of Community Noise Equivalent Level (CNEL), in the immediate vicinity of the airport.

Governor's veto message:

This bill would require Caltrans to establish the number of residents and the number of dwellings within the 60 decibel Community Noise Equivalent Level (CNEL) contours surrounding Van Nuys Airport using a specified modeling tool.

The merits of the study required by this bill are questionable since the State noise standard is 65 decibel CNEL. To the extent the study is even technically feasible, its value is of marginal use. Also, by singling out Van Nuys Airport, the bill would violate one of the defining principles of the State Aeronautics Act-to affect uniformity of the laws and regulations relating to aeronautics.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

C. 2000 State Transportation Improvement Program (STIP) Development

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

C. 2000 STIP Development

Rescheduling of the 2000 STIP

As 1999 came to a close, the 2000 STIP cycle was proceeding on the basis of the fund estimate adopted in August 1999, which included no new programming capacity. In part that was because the 4-year 2000 STIP was following the 6-year 1998 STIP, with both STIPs ending in the common fiscal year, 2003-04, thus adding no new program years for the 2000 STIP. It was also due in part to the 1998 STIP Augmentation, adopted earlier in 1999, which had already added and programmed new funding capacity not identified for the original 1998 STIP (see the Commission's 1999 Annual Report, Volume II, pp. 23-30). The basic capacity for the 2000 STIP was limited to the unprogrammed balance left unused by regional agencies from the 1998 STIP which, at the end of 1999, stood at $619 million, with 85% of that balance in just 17 counties (see the 1999 Annual Report, Volume I, pp. 69-70). The STIP's new Advance Project Development Element, created by AB 1012 (Torlakson, 1999) and implemented by a November 1999 fund estimate amendment, opened the door to programming an additional $375 million for advancing project environmental and design work. Following the original 2000 STIP timetable, 38 regions had submitted their regional transportation improvement program (RTIP) proposals, based on the original 2000 STIP fund estimate.

However, by January 2000, the Commission heard reports of Federal revenues exceeding the amounts assumed in the fund estimate and reports of State revenues exceeding earlier forecasts. After hearing a report from the Business, Transportation and Housing Agency on the Governor's Transportation Initiative, the Commission decided to reschedule the 2000 STIP for adoption later in the year and to ask that Caltrans prepare a revised draft fund estimate. The Commission sought to make estimated new revenues available for programming without waiting two additional years for the next scheduled STIP in 2002. The Agency sought to have these new revenues available to support the Initiative, which eventually would lead to enactment of the Traffic Congestion Relief program in AB 2928, calling for major new funding for designated transportation projects.

Updating the fund estimate for the 2000 STIP carried the consequence of pushing back the adoption of the 2000 STIP later into the year 2000. The Commission, not wishing to delay the projects already identified by the regions in their RTIPs for inclusion in the 2000 STIP, directed that those projects be programmed by way of amendment to the 1998 STIP, which was presented for public notice in February 2000 and adopted in March 2000.

Caltrans brought forth the revised draft 2000 STIP fund estimate in May, reflecting increases in both Federal and State funds. In June, the Commission adopted a revised fund estimate (summarized below), gave notice of proposed amendments to the STIP Guidelines (also summarized below), and adopted the following revised schedule for the 2000 STIP:

CTC adopts Revised Fund Estimate.	June 14-15, 2000 meeting.
Regions submit RTIPs.	By September 29, 2000.
Caltrans submits ITIP.	By September 29, 2000.
CTC STIP hearings.	Oct. – Nov. 2000, to be scheduled.
CTC publishes staff recommendations.	November 16, 2000.
CTC adopts 2000 STIP.	December 5-6, 2000 meeting.

In July, the Commission adopted both the guideline amendments and an update to the fund estimate taking the provisions of newly enacted AB 2928 into account. The July 2000 revised fund estimate provided $1.511 billion in new programming capacity for the STIP and another $309 million for the State Highway Operation and Protection Program (SHOPP) for additional pavement and roadside rehabilitation, safety, and operational improvement projects.

STIP Amendments Prior to 2000 STIP

In March 2000, a single STIP Amendment (98S-106) incorporated $161 million in new project programming that had been proposed in the RTIPs submitted under the original 2000 STIP fund estimate. Through November 2000, another 52 STIP amendments added another $139 million to the STIP regional program and a net of $18 million to the interregional program.

By project category, the new projects in the regional program included (in millions of dollars):

STIP AMENDMENT PROJECT CATEGORIES, JAN-NOV 2000

Project Type	Amount	Percent
Planning, programming, and monitoring	$0.8	0.3%
RSTP/CMAQ match	-1.9	-0.6%
Ridesharing/transportation demand mgmt	3.2	1.1%
Call box accessibility (Los Angeles)	7.8	2.6%
State highways	99.5	33.1%
Rail projects	100.6	33.5%
Non-rail transit	8.9	3.0%
Grade separations	15.2	5.1%
Local road improvements	34.4	11.4%
Local road rehabilitation	32.1	10.7%
TOTAL PROJECTS	$300.5	100.0%

Over the same period, one new project was amended into the interregional program, an $18 million contribution for construction of the Bailey Avenue interchange project in south Santa Clara County. Other amendments, covering cost changes, resulted in a small net savings for the interregional program.

New 2000 STIP Fund Estimate

The new fund estimate that Caltrans presented to the Commission in May 2000 identified a net new programming capacity of $1.415 billion, available for either the STIP or SHOPP. This new capacity assumed $641 million in additional Federal revenues and $615 million in higher State revenues over the four-year period, with another $149 million attributable to a re-evaluation of scheduled expenditures.

The new four-year estimate of Federal revenues was based on the state's first experience with Federal Revenue Aligned Budget Authority (RABA). Under the RABA provision of the Federal Transportation Equity Act for the 21st Century (TEA-21), the guaranteed level of authorizations and apportionments to the states is automatically increased (or decreased) each year, beginning in October 1999, when revenues to the Federal Highway Trust Fund prove to be more (or less) than was estimated when TEA-21 was enacted.

The new four-year estimate of State revenues included $300 million freed up from the Prudent Cash Balance reserve, $210 million from a projected increase in State fuel tax revenues, and $105 million from a projected increase in truck weight fees. The revenue increases were reflected in the Governor's 2000-01 Budget.

On June 14, the Commission adopted this $1.415 billion Fund Estimate, designating $390 million of the new capacity for the SHOPP and $1.025 billion for the STIP.

On July 6, AB 2928 was enacted and took immediate effect, making additional funding available for the STIP. At the Commission's July 14-15 meeting, Caltrans presented and the Commission adopted a further update to the Fund Estimate, taking the new funding into account. This raised the new capacity by another $486 million, to $1.901 billion. The SHOPP portion remained at $390 million, while the STIP portion was increased to $1.511 billion. Of the new STIP share, $1.247 billion was from the State Highway Account and $264 million from the Public Transportation Account (PTA). The Fund Estimate identified the following spread across the STIP period (in millions of dollars):

	FY 01	FY 02	FY 03	FY 04	Total
SHA	344	304	248	351	1,247
PTA	174	53	27	10	264
Total	518	357	275	361	1,511

The availability of PTA funding for the STIP meant greater programming flexibility. PTA funds may be used for some projects that are not eligible for either Federal Highway Trust Fund revenues or State revenues restricted by Article XIX of the California Constitution (fuel taxes and weight fees). These projects include, for example, intercity rail vehicles and short line railroad rehabilitation. There are also many transit projects that are eligible for PTA funds and for either or both of the other two STIP sources. With this kind of flexibility and level of PTA funding, the Commission could program any projects eligible for any of the 3 STIP funding sources and do so without breaking out the PTA funds separately into county and interregional shares.

STIP Guideline Amendments for the 2000 STIP

On August 18, 1999, the Commission adopted permanent STIP guidelines, as required by SB 45 (1997), to replace the interim guidelines that had been in place since the development of the 1998 STIP. These guidelines were augmented on November 3, 1999, with guidelines to implement the provisions of AB 1012 (Torlakson, 1999) adding the Advance Project Development Element to the STIP (see the 1999 Annual Report, pp. II-35-39). Together, these guidelines were to guide the development of the 2000 STIP.

On July 19, 2000, the Commission adopted several amendments to the STIP guidelines, taking into account the circumstances of the revised 2000 STIP Fund Estimate, the enactment of AB 2928 (2000), and the rescheduling of the 2000 STIP cycle. The Advance Project Development Element Guidelines adopted in November 1999 were incorporated without change into the STIP guidelines. New provisions included the following:

- Environmental-only programming. Since SB 45, the guidelines have always permitted project components to be programmed sequentially. For example, a project may be programmed for environmental work without being programmed for design. A project may be programmed for design without being programmed for right-of-way or construction. This amendment added language to clarify and emphasize the Commission's recognition of the benefit of "programming projects for environmental work only, since project costs often cannot be determined with meaningful accuracy until environmental studies have been completed."

- Flexible scope for local road rehabilitation projects. Since SB 45, the guidelines have always permitted STIP programming for the reconstruction of local roads. A January 1999 amendment clarified and emphasized the eligibility of all local road rehabilitation work. This July 2000 amendment clarifies the Commission's intention that local agencies be given greater flexibility in using funds allocated for local road rehabilitation. The amendment specifies that, by definition, the Commission will regard the limits for a local road rehabilitation project as including adjacent or nearby streets and roads, as well as the specific streets and limits named in the allocation.

- Special provisions for the 2000 STIP. For the 2000 STIP, the guideline amendments incorporated the special schedule (see above) and added two special provisions. In order to avoid any possible delay in the funding and delivery of new STIP projects, the first special provision specified that the Commission would consider approval of STIP amendments and allocations using the funds made available by the new fund estimate immediately, without waiting for the December STIP adoption, provided that the projects were ready for allocation at the time of amendment. The other special provision recognized the potential need to complement Traffic Congestion Relief (TCR) funds with STIP funds and encouraged Caltrans and regional agencies to engage in early consultations to coordinate their STIP and TCR proposals. It stated the Commission's intent to consider the special circumstances created by the TCR program when adopting the 2000 STIP and specified that the Commission might, where appropriate, leave some STIP funds unprogrammed for a time to allow adequate consideration of funding options for TCR projects.

2000 STIP Adoption

On December 6, 2000, the Commission adopted the 2000 STIP, adding $1.312 billion in new programming, including $870.9 million for the regional program and $441.5 million for the interregional program. As described in greater detail below, an advance of $160 million for the interregional program was made possible by $549 million left unprogrammed from regional balances, with $389 million left to support STIP amendments prior to the 2002 STIP. The STIP adoption followed STIP hearings held in San Diego on November 2 and in Sacramento on November 6 and the publication of the Commission Staff Recommendations on November 16.

By statute, the Commission may not reject RTIP projects for inclusion in the STIP unless it finds that the RTIP is not consistent with the Guidelines or is not a cost effective expenditure of State funds. The Commission also may not reject an RTIP unless it provides notice to the region within 60 days after receiving the RTIP, specifying the factual basis for the proposed action. On November 7, the Commission provided the required notice to 16 regional agencies for 18 counties. Those notices identified specific issues and, where appropriate, suggested means for resolving them. Regions were asked to respond by November 28, and a summary of the issues identified was included in the Staff Recommendations. <u>All issues were resolved prior to the STIP adoption</u>. Primarily, the issues included projects that did not yet have a project study report, as required by statute; proposed RTIP/ITIP shared funding partnership projects for which the RTIP and ITIP funding did not match; and proposals for local road rehabilitation funding that failed to identify the proposed project location.

<u>Interregional Transportation Improvement Program</u>

The 2000 Fund Estimate provided a total of $377.75 million in new capacity for the 25% interregional program. At the time of the Fund Estimate adoption in July, this was enough to retire a $72 million advance and leave a net $305 million in programming capacity. Subsequent STIP amendments, through November 2000, reduced the interregional share net balance to $281 million.

Caltrans submitted its Interregional Transportation Improvement Program (ITIP) on October 25, 2000, with technical changes and updates submitted on December 1. At the time of STIP adoption on December 6, Caltrans and the Commission agreed to increase the current funding commitment for two ITIP projects. As finally adopted, the 2000 STIP added <u>$441.5 million in interregional program funding</u>, requiring a program advance of $160.4 million. As outlined by Caltrans, ITIP project selection was focused on three areas:

- <u>Transportation Congestion Relief (TCR) projects</u> to encourage investment of regional and other funds with early groundbreaking. This area includes <u>$180.2 million</u> for 23 projects, with $148.3 million on 13 State highway projects and $31.9 million on 10 intercity rail projects. Together, these projects have been targeted for $497 million in TCR funding.
- The next increment of funding for projects programmed and <u>partially funded in prior STIPs</u>. This includes <u>$172.0 million</u> for 29 State highway projects, including $5.6 million for a grade separation project associated with the Alameda Corridor.
- <u>New projects</u>. This includes <u>$89.3 million</u> for 32 projects, with $67.7 million on 26 State highway projects and $21.6 million on 6 intercity rail projects.

Compliance with Statutory Mandates, Interregional Program

The 25% interregional program is not constrained by county shares. By law, however, the program must comply with the following constraints:

- 60% of the program shall be programmed for improvements to State highways that are specified in statute as part of the interregional road system and are outside urbanized areas with over 50,000 population, and for intercity rail improvements.
  - Of this amount, at least 15% (9% of the interregional program) shall be programmed for intercity rail improvements, including grade separation projects.
- 40% of the program may be programmed to transportation improvement projects to facilitate interregional movement of people and goods, including State highway, intercity passenger rail, mass transit guideway, or grade separation projects. These projects may be in either urbanized or nonurbanized areas.
  - Of this amount, 60% (24% of the program) must be in the 13 counties of the South.
  - Of this amount, 40% (16% of the program) must be in the North counties.

Under the STIP Guidelines, the Commission has applied these constraints to the same periods defined in law for county shares. That means that all programming for the six-year period of the 1998 and 2000 STIPs is counted together. The statutory restrictions may be reduced to three simple constraints:

- At least 9% of the program must be programmed for intercity rail and grade separation projects.
- No more than 24% of the program may be for projects in South urbanized areas or for other South area projects not part of the interregional road system.
- No more than 16% of the program may be for projects in North urbanized areas or for other North area projects not part of the interregional road system.

The following table summarizes prior and current STIP interregional program funding according to these categories. For purposes of the table, "Intercity rail" includes grade separation projects, "Nonurbanized" refers only to projects on the interregional road system, and "North urbanized" and "South urbanized" also include North and South nonurbanized projects off the interregional road system and exclude intercity and grade separation projects.

INTERREGIONAL PROGRAM BY STATUTORY CATEGORY
($1,000's)

	Prior ITIP Funding	2000 ITIP Funding	Program Total	Pct	Test
Intercity rail	319,859	59,036	378,895	18.78%	9% minimum
North urbanized	203,576	92,879	296,455	14.70%	16% maximum
South urbanized	333,266	112,503	445,769	22.10%	24% maximum
Nonurbanized	719,008	177,110	896,118	44.42%	
Total	1,575,709	441,528	2,017,237	100.00%	

Regional Transportation Improvement Program

The 2000 Fund Estimate provided a total of $1.133 billion in new program capacity for the 75% regional program. The net capacity available was $1.421 billion, including $357 million in prior unprogrammed reserves, and deducting $49 million to retire prior advances to county share and $20 million for STIP amendments through November.

From the $1.421 billion available, the 2000 STIP added $871 million in projects, including $91 million in new advances against future county shares. The sum of unprogrammed county shares was $664 million and the sum of advances against future county shares was $114 million, leaving a net unprogrammed balance of over $549 million. This was sufficient to cover the $160 million advance needed for the interregional program and still leave $389 million unprogrammed and available for STIP amendments pending the 2002 STIP.

Included in these RTIP totals are $20 million in Advance Project Development Element projects, which could extend total programming capacity by another $20 million.

By project category, the new projects included:

RTIP PROJECTS BY CATEGORY
($ millions)

Planning, programming, and monitoring	$7.0	0.8%
RSTP/CMAQ match	-5.4	-0.6%
Ridesharing/transportation demand mgmt	0.8	0.1%
State highways	429.2	49.3%
Rail projects	138.0	15.8%
Non-rail transit	55.4	6.4%
Local road improvements	125.6	14.4%
Local road rehabilitation	120.5	13.8%
TOTAL PROJECTS	$870.9	100.0%

Status of County and Interregional Share Advances

The statutes and STIP Guidelines permit regions to request, and the Commission to approve, advances of future county shares to regions with a population of 1 million or less. The Commission may make an advance for a single large project in each county (up to a limit of 200% of the county share). The Commission may also make advances, without limit, to the interregional share. The Commission may make advances using funds freed up by any unprogrammed county or interregional share balances.

In the 1998 STIP Augmentation (adopted in January 1999) and subsequent STIP amendments, the Commission approved or retained advances for projects in 9 counties. Six of these advances were retired by the 2000 Fund Estimate's county share increase:

- For Colusa County, $350 thousand advanced to cover a $1.1 million cost increase on a rehabilitation project for County Road Old 99W between Williams and Maxwell. This advance was approved by STIP amendment 98S-100 (March 2000).
- For Glenn County, $343 thousand advanced for a $1.4 million project to reconstruct Route 162 (Woods Street) in Willows. The original advance of $1.003 million had been reduced by deleting projects in STIP amendment 98S-114 (May 2000).
- For Lassen County, $276 thousand advanced for a $1.6 million roadway rehabilitation project near Bieber. This advance was approved by STIP amendment 98S-111 (May 2000).
- For Mono County, $1.1 million advanced to cover the region's share of a $1.2 million cost increase on the Route 395 Rush Creek widening. This advance was approved in January 2000.
- For Monterey County, $10.1 million advanced for the $91.5 million regional share of the Prunedale Bypass.
- For San Luis Obispo County, a $616 thousand advance. This advance was attributable to the Advance Project Development Element.

The three other advances remained:

- For Del Norte County, $4.7 million advanced for a project on Elk Valley Road was reduced to $2.7 million. This advancement was made by STIP amendment 98S-106 (March 2000).
- For Fresno County, $47.5 million advanced for the Route 180 Freeway was reduced to $20.0 million. This advancement had been increased by STIP amendment 98S-134 (May 2000).
- For the Placer County Transportation Planning Agency, the $7.4 million advanced for improvements on Route 49 in and near Auburn was reduced to $889 thousand.

The 2000 STIP added 6 new county share advances (including 2 based on the Advance Project Development Element) and increased 2 others:

- Fresno received an increase of $63.5 million in its advance, from $20.0 million to $83.5 million. The advance is for the Route 180 Freeway and the increase uses STIP funds to extend the existing Route 180 Freeway project eastward to Frankwood Avenue.
- Ventura was advanced $9.7 million to help support $36.9 million in new project funding. The STIP already included a $40.3 million widening project on Route 118 in Simi Valley. Ventura also proposes to bring in a later STIP amendment to add $4.1 million to cover a County soundwall program.
- Placer TPA received an increase of $6.75 million in its advance, from $0.9 million to $7.65 million. The advance is for the Route 65 Lincoln Bypass.
- Tuolumne was advanced $5.3 million for the $11.1 million East Sonora Bypass right-of-way project.
- Mono was advanced $3.0 million to help support the $5.9 million added for construction of the Route 14 expressway upgrade project north of Mojave.
- Lassen was advanced $1.2 million through the Advance Project Development Element.
- Tehama was advanced $1.0 million through the Advance Project Development Element.
- Merced was advanced $217 thousand to help support the $6.3 million added to the Route 99 freeway conversion project.

Advance Project Development Element

For 5 counties, the 2000 STIP includes regional projects designated as STIP Advance Project Development Element projects under the provisions of AB 1012 (1999): Los Angeles ($12.6 million), Alameda ($2.6 million), Monterey ($2.2 million), Lassen ($1.6 million), and Tehama ($1.0 million). Only Lassen and Tehama actually received new county share advances based on the APD status. For the other counties, the APD designation opens the way for county share advances through future STIP amendments.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

D. 2000 Report on County and Interregional Shares

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

D. 2000 Report on County and Interregional Shares

Section 188.10 of the Streets and Highways Code, added by SB 45 (1997), mandates that the California Transportation Commission (Commission) maintain a record of State Transportation Improvement Program (STIP) county share balances and that it make the balances through the end of each fiscal year available for review by regional agencies not later than August 15 of each year. This year, the Commission issued its Third Annual Report of STIP Balances, County and Interregional Shares.

This year's report was issued August 4, 2000, and included share balances through the end of July 2000 rather than through the end of the fiscal year in June. At its June 14-15, 2000 meeting, the Commission adopted the Revised 2000 STIP Fund Estimate and scheduled the special programming cycle to adopt the 2000 STIP by December 2000. With the enactment of AB 2928 as urgency legislation early in July, the Commission adopted the Updated 2000 STIP Fund Estimate at its July 19-20, 2000 meeting. By including the July update, together with amendments and allocations from the July meeting, this year's report was made a more useful resource for the 2000 STIP programming cycle.

All share balances represent programming capacity through FY 2003-04, the final year of both the six-year 1998 STIP and the four-year 2000 STIP. Under AB 2928, future STIPs, starting with the 2002 STIP, will cover five-year periods.

AB 1012 (1999) created additional programming authority through the STIP Advance Project Development Element, in effect permitting an advance of county or interregional shares to the extent that the advance is used for project environmental or design work. All Advance Project Development Element work counts against county or interregional shares. This was the first year in which all Advance Project Development Element authority was listed in the share balance report.

On the following page is the report's single-page summary of the status of all county shares and the interregional share. The report itself also included a summary for each individual county share and the interregional share. For each share, the summary identifies all shares added by fund estimates, all adjustments, and a listing of each project programmed or allocated from the share.

In addition, the report identifies all remaining grandfathered 1996 STIP projects. As of June 30, 2000, the remaining grandfathered projects included \$1.158 billion for regional projects, \$440 million for interregional road projects, and \$61 million for intercity rail projects.

SUMMARY OF STIP SHARE BALANCES
Including STIP Amendments and
California Transportation Commission Allocations Through July 2000

($1,000's)

	1998/2000 STIP Share				APDE
County Share	**Share**	**Programmed**	**Unprogr'd**	**Advance**	**Authority**
Alameda	254,120	201,670	52,450	0	13,175
Alpine - Amador - Calaveras	30,331	19,764	10,567	0	2,161
Butte	35,289	18,037	17,252	0	2,540
Colusa	9,442	7,724	1,718	0	652
Contra Costa	145,745	112,097	33,648	0	8,207
Del Norte	8,531	11,222	0	2,691	622
El Dorado LTC	20,619	13,977	6,642	0	1,504
Fresno	118,800	138,754	0	19,954	8,666
Glenn	13,183	11,260	1,923	0	714
Humboldt	46,786	22,311	24,475	0	2,598
Imperial	59,120	36,164	22,956	0	4,037
Inyo	56,473	41,586	14,887	0	3,418
Kern	187,747	151,541	36,206	0	11,362
Kings	30,121	23,039	7,082	0	1,650
Lake	17,899	6,540	11,359	0	1,072
Lassen	29,015	24,315	4,700	0	1,568
Los Angeles	1,324,654	1,029,516	295,138	0	83,452
Madera	19,416	14,673	4,743	0	1,416
Marin	60,374	51,755	8,619	0	2,715
Mariposa	7,234	5,498	1,736	0	528
Mendocino	33,261	25,168	8,093	0	2,422
Merced	38,611	29,218	9,393	0	2,813
Modoc	15,899	10,071	5,828	0	860
Mono	47,095	40,239	6,856	0	2,504
Monterey	99,730	94,999	4,731	0	4,661
Napa	24,500	16,861	7,639	0	1,547
Nevada	18,022	10,280	7,742	0	1,315
Orange	351,809	220,542	131,267	0	22,703
Placer TPA	38,949	39,838	0	889	2,128
Plumas	16,431	10,475	5,956	0	976
Riverside	249,619	172,663	76,956	0	15,555
Sacramento	160,296	125,295	35,001	0	10,977
San Benito	12,131	8,961	3,170	0	778
San Bernardino	382,778	295,102	87,676	0	21,529
San Diego	473,039	354,968	118,071	0	26,179
San Francisco	96,869	73,537	23,332	0	7,094
San Joaquin	103,485	61,442	42,043	0	5,752
San Luis Obispo	89,722	75,478	14,244	0	4,681
San Mateo	107,871	80,347	27,524	0	7,171
Santa Barbara	97,327	76,533	20,794	0	5,515
Santa Clara	209,090	159,931	49,159	0	15,486
Santa Cruz	43,478	32,784	10,694	0	2,740
Shasta	51,073	38,217	12,856	0	2,762
Sierra	8,374	6,690	1,684	0	453
Siskiyou	32,918	26,820	6,098	0	1,927
Solano	54,102	41,562	12,540	0	3,950
Sonoma	84,439	62,123	22,316	0	4,774
Stanislaus	70,299	40,589	29,710	0	4,341
Sutter	14,746	11,513	3,233	0	979
Tahoe RPA	11,008	5,801	5,207	0	652
Tehama	21,878	14,266	7,612	0	1,368
Trinity	23,230	18,094	5,136	0	993
Tulare	97,303	47,048	50,255	0	5,392
Tuolumne	15,484	9,551	5,933	0	1,129
Ventura	134,187	106,987	27,200	0	7,873
Yolo	31,229	24,376	6,853	0	2,126
Yuba	11,483	8,695	2,788	0	838
Statewide Regional	**5,846,664**	**4,418,507**	**1,451,691**	**23,534**	**357,000**
Interregional	1,856,869	1,566,920	289,949	0	119,000
TOTAL	**7,703,533**	**5,985,427**	**1,741,640**	**23,534**	**476,000**

Source: CTC 2000 Report of STIP Balances, County and Interregional Shares, August 4, 2000.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

E. State Highway Operation and Protection Program (SHOPP) Issues

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

E. State Highway Operation and Protection Program (SHOPP) Issues

SB 45 (1997) included a provision requiring Caltrans to prepare a 10-Year State Rehabilitation Plan (Plan) for all State highways and bridges. The initial Plan was to be submitted to the California Transportation Commission (Commission) for review and comments and be transmitted to the Governor and Legislature by May 1, 1998. The law required biennial updates to the Plan thereafter. The Plan is to include specific milestones and quantifiable goals, strategies to control cost and improve efficiency, and a cost estimate for at least the first four years. According to statute, the Plan is to be the basis for the annual Caltrans budget request and for the Commission's adoption of the biennial State Transportation Improvement Program (STIP) fund estimates.

With the concurrence of the Commission, Caltrans expanded the Plan to include all elements programmed in the biennial State Highway Operation and Protection Program (SHOPP), including Traffic Safety and Traffic Operations. The SHOPP is the 4-year program of projects designed to maintain the safety and integrity of the State highway system. It is prepared biennially by Caltrans and approved by the Commission.

The initial 10-Year State Rehabilitation Plan (or SHOPP Plan) identified specific goals and targets in a number of different areas. Probably the most significant ones, from the Commission's perspective, were the goal to reduce deteriorated pavement to 5,500 lane-miles by 2008, and the goal to use longer-life pavement rehabilitation on roadways where the average daily traffic (ADT) exceeds 150,000 or average daily truck volume exceeds 15,000. Caltrans projected that reducing the pavement backlog to 5,500 lane-miles would allow it to maintain and rehabilitate system pavements at the lowest overall annual cost. The identified thresholds for using longer-life pavement would provide high user benefit and the most cost effective rehabilitation strategy.

2000 SHOPP Plan

Caltrans submitted its proposed 2000 SHOPP to the Commission in January 2000 and its first update to the 10-Year SHOPP Plan in March. In the 2000 SHOPP Plan, Caltrans identified the following two-year accomplishments, as compared with the goals of the original 1998 Plan:

SAFETY

1998 Plan	Accomplishments
Install 100 miles of new median barrier each year (200 miles during first two years of Plan).	Installed 199 miles of new median barriers.
Upgrade 5 miles of metal median barriers to concrete each year (total of 10 miles during first two years of Plan).	Upgraded 39 miles of metal median barriers to concrete.
Complete 12 "Clean Up the Roadside Environment" (CURE) projects each year (24 projects during first two years).	Completed 6 CURE projects.
Eliminate cable median barriers.	Eliminated 13 miles of cable median barriers and replaced with current standard.

ROADWAY REHABILITATION

1998 Plan	Accomplishments
Rehabilitate 5,100 lane miles of distressed pavements (includes CAPM treatments).	Rehabilitated 5,766 lane miles of pavement.
Goal of 1800 lane miles over 10-year period. Implement pilot program to test new materials and construction methods for longer-life pavement by 99/00.	Constructed 10 lane miles of longer-life pavement and awarded contracts for 50 more lane miles. Pilot program implemented.
Rehabilitate 108 bridges.	Awarded 130 construction contracts for bridge rehabilitation.
Complete 21 bridge scour projects.	Awarded 9 construction contracts for bridge scour projects.
No measurable objective established	Completed 12 "protective betterment" projects.

ROADSIDE REHABILITATION

1998 Plan	Accomplishments
Restore 1,040 acres of highway landscaping.	Restored 1,089 acres of highway landscaping.
Install 380 acres of new landscaping over 8-year period (about 45 acres per year). Two-year total: 90 acres.	Installed 207 acres of new landscaping at four locations.
Complete workers' access improvements at 1500 locations within 10 year (150 sites per year). Total of 300 sites over two-year period.	Improved access for maintenance workers at 300 locations in urbanized areas.
Transfer 10 mitigation sites to other agencies by 99/00.	Transferred 11 mitigation locations totaling 708 acres to other agencies.
No measurable objective established.	Rehabilitated one safety roadside rest.

TRAFFIC OPERATIONS

1998 Plan	Accomplishments
No measurable objective identified.	Improved 2 traffic management centers (TMCs); installed closed circuit TV cameras at 110 locations; installed 46 miles of fiber optic cable; installed TMC signal interconnections at 40 locations.
No measurable objective identified.	Constructed 15.9 lane miles of passing lanes, 4.1 lane miles of auxiliary lanes; improved ramps and interchanges at 7 locations; improved intersections and signals at 14 locations; completed geometric improvements along 5.3 centerline miles of highway.
Improve two stations every three years.	Improved one commercial weigh station.
Replace obsolete lighting facilities by 1999/2000.	Completed 8 signs and lighting rehabilitation projects.
No measurable objective identified.	Upgraded 14 maintenance stations.

The 2000 SHOPP Plan also identified several areas of concern that need additional analysis before Caltrans can make a recommendation on the actual funding need and the time schedule to implement each item. Caltrans will complete additional studies on each item and incorporate the findings in the 2002 SHOPP Plan. The areas of concern include:

- Storm water runoff compliance.
- Recurring storm damage locations and repair.
- New and rehabilitated office buildings.
- New safety roadside rest areas.
- Corridor rehabilitation development strategies.
- Traffic operations strategies.
- Hazardous waste removal.

<u>Increase in SHOPP Funding Levels</u>

For the 4-year period of the 2000 SHOPP, both the SHOPP and the 10-Year SHOPP Plan adhered to the overall funding levels identified for the SHOPP in the 1998 Fund Estimate. Beyond the first 4 years, the SHOPP Plan also factored in a $525 million baseline adjustment for an increase in assumed inflation rates from 2.2% to 3.5%. In the last 4 years of the 10-year period, the SHOPP Plan identified another $775 million need, for a 10-year total of $11.1 billion.

However, while holding the overall 4-year SHOPP funding level, Caltrans identified a major increase in funding for the Traffic Safety program. In large part, this was due to a 1999 updating of the accident cost factors used to calculate the Safety Index to be consistent with cost factors being used by other states. The proposed SHOPP included increased funding for Traffic Safety projects and stayed within the overall funding level by reducing proposed 4-year SHOPP funding for Roadway Rehabilitation.

When the Commission reviewed both the SHOPP and SHOPP Plan at its March meeting, it expressed concern over any delay in funding for Roadway Rehabilitation and the potential for delay in meeting the goal for reducing deteriorated pavements. The Commission approved the 2000 SHOPP with the understanding that funding for each of the SHOPP's 4 major categories would remain unchanged. The 4 categories are Traffic Safety, Roadway Rehabilitation, Roadside Rehabilitation, and Operations. The Commission found the proposed reduction of funding for Roadway Rehabilitation from the 1998 SHOPP Plan level to be inconsistent with prior Commission policy and direction and directed that any increases for the other SHOPP categories be approved through the fund estimate and not come at the expense of Roadway Rehabilitation. At the same time, the Commission scheduled a workshop on the SHOPP and SHOPP Plan for its May meeting.

By the time the Commission was ready to adopt the revised 2000 STIP fund estimate in June, Caltrans and the Commission had agreed that $290 million should be added to SHOPP capacity for increases in Traffic Safety, Roadside Rehabilitation, and Operations. Upon final adoption, the Commission also added $100 million for Roadway Rehabilitation, a total of $390 million in added 2000 SHOPP capacity (see Chapter II-C, 2000 STIP Development). This added capacity cleared the way for a package of nearly $300 million in new pavement rehabilitation projects that Caltrans amended into the SHOPP, and that the Commission voted in July.

Programming SHOPP Project Development Costs

At its May workshop on the SHOPP, the Commission expressed concern that Caltrans was developing and delivering SHOPP projects without providing prior notice to the Commission, often amending projects into the SHOPP only when they were ready for a construction vote. The Commission has for several years delegated to Caltrans broad authority to manage the SHOPP, including the authority to amend projects into the SHOPP between the Commission's biennial SHOPP approvals, provided that the amendments remain within the amount assigned to the SHOPP in the fund estimate.

Since the enactment of SB 45 (1997), the STIP has included costs for environmental and design work (project development), as well as costs for right-of-way and construction. Since that time, with the Commission's encouragement, the STIP has come to include many projects programmed for environmental and design work only.

For the SHOPP, however, Caltrans had been including project development costs in the SHOPP only where it was including projects for right-of-way or construction. At the May workshop, the Commission directed staff to draft a resolution on policy for the programming of SHOPP project development costs. In June, the Commission adopted the resolution, stating the Commission's intent that Caltrans not undertake project development work on SHOPP projects without first amending them into the SHOPP under the delegated authority. Such amendments are then to be reported to the Commission at its next regular meeting.

Delegated SHOPP Allocation Authority

Under State law, the Commission allocates capital outlay funds for all STIP and SHOPP projects consistent with appropriations in the Budget Act. The Commission may allocate funds for projects not in the STIP or SHOPP only under emergency conditions. Since the creation of the Commission, the authority to allocate funds for emergency projects has always been delegated to Caltrans, with all such allocations to be reported to the Commission at its next meeting.

In March 1999, the Commission extended its delegation of allocation authority to Caltrans for all SHOPP rehabilitation projects on a one-year trial basis. The purpose of the delegation was to streamline and accelerate the construction of State highway pavement rehabilitation projects. In March 2000, the Commission extended the term of this delegation by another year and broadened it to include Traffic Safety projects.

In November 2000, the Commission conducted a workshop to review its various delegations of authority to Caltrans, including 17 different current delegation resolutions. The review looked at the delegations' intent, scope, benefits, and reporting requirements. The Commission anticipates a comprehensive reconsideration and restructuring of all of these delegations before the expiration of the current SHOPP delegation at the end of March 2001.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

F. FY 1999-2000 Delivery

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

F. Fiscal Year 1999-2000 Delivery

All State transportation funds, including all Federal transportation funds received by the State, are appropriated by the Legislature, usually through the annual Budget Act. The funds are budgeted in three broad categories:

- capital outlay (Caltrans' right-of-way and construction costs),
- support (Caltrans' operating costs, including project development), and
- local assistance (State payments to local agencies).

Funds for capital outlay and local assistance are appropriated by the Legislature, subject to allocation by the Commission.

The transportation funds subject to Commission allocation are assigned in various State programs such as the State Transportation Improvement Program (STIP) and the State Highway Operations and Protection Program (SHOPP), where the Commission exercises some programming authority, or by local agencies with no Commission programming involvement, such as the federal Regional Surface Transportation Program (RSTP) and the Congestion Mitigation and Air Quality (CMAQ) program. Funds are allocated either by the Commission at its monthly meetings directly to projects that are ready for expenditure or by Caltrans utilizing authority delegated by the Commission.

Due to the interest of the Commission, the Governor, and the Legislature in the timely use of transportation funds, local agencies and Caltrans have dedicated considerable effort toward improving delivery of transportation projects. As FY 1999-2000 drew to a close and the "use-it-or-lose-it" provisions of SB 45 (Kopp, 1997) kicked in, both Caltrans and regional agencies requested additional time to secure allocation votes for projects programmed in FY 1999-2000 and also sought STIP amendments to move potentially undeliverable projects programmed in FY 2000-2001 to later years.

STIP Projects – For FY 1999-2000 the local and Caltrans STIP delivery commitment was $1.634 billion. Caltrans and the local agencies delivered all but $187.2 million, for an overall 88.5% delivery rate for the STIP. Under provisions of SB 45, and the Commission's STIP Guidelines, STIP funds not allocated during the fiscal year lapse unless the Commission grants a one-time extension of up to 20 months. For the undelivered $187.2 million, Caltrans and local agencies requested $173.2 million in one-time extensions and let $14.0 million lapse. The lapsed $14.0 million gets credited back to share balances for re-programming in the next STIP period (i.e., 2002 STIP). Local agencies and Caltrans **"advance delivered" $225.5 million** worth of future STIP delivery into FY 1999-2000 **to more than make up** for the allocation extension requests and lapsed funds. Taking into account the advance delivery efforts by Caltrans and local agencies, a net overall delivery of 102.3% for the fiscal year was achieved.

The following charts shows how the STIP delivery commitment was realized:

	Total STIP	Total STIP	Caltrans Delivery	Local Deliver	Caltrans Delivery	Local Delivery
Programmed	$1,634,353,000	100.0%	$767,688,000	$866,665,000	100.0%	100.0%
Delivered	$1,447,141,000	88.5%	$654,125,000	$793,016,000	85.2%	91.5%
Undelivered	$ 187,212,000	11.5%	$113,563,000	$ 73,649,000	14.8%	8.5%
Extensions	$ 173,165,000	10.6%	$110,522,000	$ 62,643,000	14.4%	7.2%
Lapse	$ 14,047,000	0.9%	$ 3,041,000	$ 11,006,000	0.4%	1.3%

	Total STIP	Total STIP	Caltrans Delivery	Local Deliver	Caltrans Delivery	Local Delivery
Programmed	$1,634,353,000	100.0%	$767,688,000	$866,665,000	100.0%	100.0%
Delivered	$1,447,141,000		$654,125,000	$793,016,000		
Advanced Deliv.	$ 225,514,000		$115,252,000	$110,262,000		
Total Delivery	$1,672,655,000	102.3%	$769,377,000	$903,278,000	100.2%	104.2%

Depending on which of the rates of delivery is considered--88.5% or 102.3%--it is fair to conclude that **FY 1999-2000 was a year of high output and achievement**. However, at the same time, a record level of rescheduling of projects to outer-years also occurred. At the Commission's March, May and June 2000 meetings, 14 STIP amendments were approved involving 60 projects that delayed a total of $788 million into subsequent STIP years. Coupled with the $173 million in extension requests this equals to almost a billion dollar shift in the STIP ($960 million to be exact). Most of the delays were from one fiscal year to the next; however, more than one third of the delays were two fiscal years or longer:

- of the $173 million delayed from FY 1999-2000, $144 million **(83%)** was delayed 1 fiscal year, $29 million **(17%)** was delayed 2 fiscal years.
- of the $646 million delayed from FY 2000-2001, $460 million **(71%)** was delayed 1 fiscal year, $129 million **(28%)** was delayed 2 fiscal years, $44 million **(7%)** was actually delayed 3 fiscal years.
- of the $87 million delayed from FY 2001-2002, $74 million **(85%)** was delayed 2 fiscal years.
- of the $55 million delayed from FY 2002-2003, **(100%)** was delayed 1 fiscal year.

As tracked here, "delays" are neither precise nor absolute. A delay from one fiscal year to the next can be as short as one month or as long as 23 months. Similarly, a "two-year" delay can range from 13 months to 35 months. Moreover, it is conceivable that some delays are building in an added margin to avoid subsequent rescheduling requests; it is also conceivable that for some projects, subsequent delays will occur.

Nevertheless, by any standard, these delays are significant in magnitude. Projects programmed in FY 2000-2001 had a total cost of $1.745 billion; delays among these 60 projects in FY 2000-2001 totaled $646 million, or **37% of the total amount programmed that year**. In fact, because the $1.7 billion programmed in FY 2000-2001 is for project development, right-of-way, and construction, and because a proportionately larger portion of the $646 million being delayed is for construction, the actual impact of the delays on construction is greater than 37%.

The following table provides a first and preliminary look at the FY 2000-2001 STIP delivery commitment, keeping in mind that the 2000 STIP process is still under way and projects could be added to the FY 2000-2001 delivery effort:

	Total STIP	Caltrans Delivery	Local Deliver	Caltrans Share of Total Delivery	Local Share of Total Delivery
Programmed	$ 967,388,000	$381,246,000	$586,142,000	39.4%	60.6%
FY 99-00 Ext. Req'ts	$ 143,504,000	$ 71,111,000	$ 72,393,000	49.5%	50.5%
Total	$1,110,892,000	$452,357,000	$ 658,535,000		

Due to the STIP amendment delays noted above the FY 2000-2001 delivery of $1.1 billion is only 70% of the FY 1999-2000 $1.6 billion effort. STIP project delays will definitely serve to maintain a relatively higher cash balance in the State Highway Account.

SHOPP Projects - For FY 1999-2000, the Caltrans SHOPP delivery commitment was 225 projects for $843.6 million. Caltrans also amended into FY 1999-2000 and delivered an additional 44 projects worth $190.7 million. Caltrans delivered all but 11 projects worth $76.1 million for an overall 92.6% delivery rate for the SHOPP. Caltrans "advance delivered" 37 projects worth $141.8 million of future SHOPP delivery into FY 1999-2000 to more than make up for the undelivered commitment. The following chart shows how the SHOPP delivery commitment was realized:

	# of Projects	$ value of Projects	% of Proj's	% of $
Programmed	225	$ 843,566,000		
Amended in	44	$ 190,738,000		
Total Program	269	$1,034,304,000	100.0%	100.0%
Delivered	258	$ 958,204,000	95.9%	92.6%
Undelivered	11	$ 76,100,000	4.1%	7.4%

The majority of the undelivered SHOPP projects will be delivered in FY 2000-2001 but some may be deleted from the program. Caltrans also **"advance delivered" 37 projects worth $141.8 million** of future SHOPP delivery into FY 1999-2000 **to more than make up** for the undelivered projects and funds. As with STIP projects in the section above, taking into account the advance delivery efforts by Caltrans, a net overall delivery of 106.4% for the fiscal year was achieved. Depending on which of the rates of delivery is considered--92.6% or 106.4%--it is fair to conclude that FY 1999-2000 was a year of high output and achievement. The following chart shows how including the advanced delivery projects the delivery dynamic changes for the SHOPP delivery effort:

	# of Projects	$ value of Projects	% of Proj's	% of $
Programmed	225	$ 843,566,000		
Amended in	44	$ 190,738,000		
Total Program	269	$1,034,304,000	100.0%	100.0%
Delivered	258	$ 958,204,000		

Advanced Delivery	37	$ 141,814,000		
Total Delivery	295	$1,100,018,000	109.7%	106.4%

There are other types of projects that are not included in the Commission approved SHOPP, but are a delivery effort on the part of Caltrans and, for record keeping purposes, are kept under the SHOPP umbrella. The projects are minor projects, emergency projects allocated by Caltrans under Commission Resolution G-11, Seismic Retrofit Phase I and Phase II projects also allocated by the Caltrans under Resolution G-11, and SHOPP administered TEA projects. The following table lists achieved FY 1999-2000 delivery for the above listed projects:

	# of Projects	$ value of Projects
Minor Projects	218	$ 95,174,000
Emergency	76	$ 44,865,000
Phase I	1	$ 677,000
Phase II	13	$ 17,703,000
SHOPP TEA	7	$ 2,922,000
Total Additional SHOPP	315	$161,341,000

As a point of interest, the number of minor and emergency projects (294) is almost identical to the total number of SHOPP major projects (295), but the dollar value is just 12.7% ($140 million versus $1.1 billion).

Caltrans Annual Right-of-Way Allocation - Commission Resolution (G-91-1) authorizes Caltrans to sub-allocate funds from the Commission's yearly allocation for the total Right-of-Way Program to individual projects for the acquisition of Right-of-Way, relocation of utilities, and other necessary related Right-of-Way activities. Caltrans is also authorized to allot funds for acquisition of hardship and protection parcels when circumstances warrant such acquisitions. At its June 1999 meeting, the Commission initially allocated $190 million for the FY 1999-2000 Caltrans Right-of-Way program. Having fully expanded the $190 million allocation, Caltrans requested, in June 2000, and the Commission granted a supplemental allocation of $10 million for the Right-of-Way program. Caltrans indicated that the supplemental allocation was needed to fund: increased commitments for projects previously approved by the Commission, including unanticipated settlement of legal fees and interest on the Southern California Edison judgment and increased damage to property settlements. The following table summarizes Caltrans FY 1999-2000 Right-of-Way program activities:

Category	**# of actions**		**$ value of**	**CTC Annual**
	Projects	**Parcels**	**Actions**	**Allocation**
Major projects	185	1,152	$147,000,000	$154,000,000
Minor projects	133	524	$ 14,000,000	$ 8,000,000
Post-Certifications	157	109	$ 10,000,000	$ 17,000,000
Hardships	6	8	$ 6,000,000	$ 1,000,000
Inverse	4	32	$ 23,000,000	$ 10,000,000
Total	485	1,825	$200,000,000	$190,000,000
June 2000 supplemental allocation				$ 10,000,000
				$200,000,000

Caltrans Delivery of Environmental Documents – In a given year, Caltrans must work both on environmental documents scheduled for completion in that year as well as on environmental documents scheduled for completion one, two or even three years out into the future. However, tracking completion of environmental documents in the current year is a particularly important early warning device to flag possible delays of future construction projects in later years. For the past three years, Caltrans has under-delivered environmental documents planned for each of the three fiscal years in question:

- for FY 1997-1998, Caltrans **planned to deliver 52** environmental documents, but **only 19 were delivered;** the remaining **33 undelivered documents** rolled forward, mostly to FY 1998-1999, but some further out.

- for FY 1998-1999, Caltrans **planned to deliver 63** environmental documents (including most of those from FY 1997-1998), but **only 12 were delivered**. The remaining **51 undelivered documents rolled forward**, many to FY 1999-2000, but some further out.

- for FY 1999-2000, Caltrans **planned to deliver 90** environmental documents (including those from FY 1997-1998 and FY 1998-1999) and **40 were delivered**. The remaining **50 undelivered documents rolled forward**, to FY 2000-2001 and beyond.

The above data underscores the importance of Caltrans reporting on the history of individual projects; (i.e., how many STIP environmental documents scheduled for a given year had earlier delivery dates and were already delayed at least once), rather than starting over with a clean slate year after year. Caltrans has agreed to provide the historical data. The Commission will most likely see a first cut on the data when Caltrans presents its first Quarterly Delivery Report for FY 2000-2001 at the Commission's December 2000 meeting.

On a brighter note, Caltrans **delivered 190** SHOPP environmental documents when their **planned delivery was only 164 documents**. The additional document delivery correlates well with the additional SHOPP project delivery covered under the SHOPP Projects section above. Caltrans amended 44 projects ($190.7 million) into the SHOPP and advance delivered another 37 projects ($141.8 million) into the 1999-2000 fiscal year of the SHOPP.

Local Assistance Annual Allocation - Local agencies have dedicated considerable effort toward improving the delivery of local RSTP and CMAQ projects and are also doing well in delivering local bridge rehabilitation and replacement projects; but the success is not as great with respect to the other Local Assistance project categories, where the AB 1012 "use-it-or-lose-it" provisions are not in force. However, the FY 1999-2000 Local Assistance appropriation is available for three years. Local Assistance projects will continue to charge against this appropriation over the next two years. **Assembly Bill 1012** (Chapter 783, 1999) has provided a significant incentive for on time delivery of local RSTP/CMAQ projects. AB 1012 became law on October 15,1999, as urgency legislation. That legislation was enacted to provide a disciplined, structured and accountable environment for the delivery of local RSTP and CMAQ transportation projects. Specifically, the legislation states that RSTP and CMAQ funds not obligated within the first three years of federal eligibility are subject to redirection by the Commission in the fourth year.

The following table shows how the Commission's FY 1999-2000 Local Assistance allocations, totaling $1.1 billion, were used by local agencies in the first year of availability:

Category	**CTC Annual Allocation**	**Use of Allocation**
RSTP	$ 297,400,000	$243,719,607
CMAQ	$ 288,000,000	$542,000,657
Br. Rehab & Replacement	$ 48,000,000	$ 42,353,786
Br. Seismic Retrofit	$ 100,000,000	$ 40,839,267
Bridge Scour	$ 4,500,000	$ 63,141
RR Grade Crossing		
Protection	$ 14,000,000	$ 10,059,617
Maintenance*	$ 4,250,000	$ 0*
Grade Separations*	$ 15,000,000	$ 0*
Hazard Elimination & Safety	$ 15,000,000	$ 745,750
Demo Projects	$ 170,000,000	$ 68,925,931
Training		
LTAP	$ 200,000	$ 200,000
CTAP	$ 1,000,000	$ 1,000,000
TEA	$ 64,400,000	$ 16,789,694
State Exchange	$ 43,000,000	$ 24,235,569
Miscellaneous	$ 2,000,000	$ 8,768,948
Total	$1,066,750,000	$999,701,967

* Programs are established by PUC in last quarter of fiscal year. Project billings are processed in following fiscal year.

RSTP and CMAQ are the two funding category where "use-it-or-lose-it" is in effect. The above data shows a substantial increase in the use of both the RSTP and CMAQ funds. Local bridge rehabilitation and replacement is progressing well, training funds are also being expended on schedule. The other categories appear not to be as aggressively expended; however, allocations have a three-year shelf life and additional delivery against the allocations will continue. For more information on Local Assistance project delivery please see Section II-G Local Program Delivery – 1st Annual Report.

Federal Planning (PL) Funds for Metropolitan Planning - Under Federal law (23 USC 104(f)), Federal planning (PL) funds are apportioned to the states for metropolitan transportation planning performed by Federally-designated Metropolitan Planning Organizations (MPOs). Under Federal law, the distribution of the funds within the state must be in accordance with a formula developed by the State and approved by the Federal Secretary of Transportation. Under State law (Streets and Highways Code Section 2233), these funds are made available outside the STIP and are "continuously appropriated for allocation by the Commission to metropolitan transportation planning organizations, as defined by federal law and regulations." By definition, this is a local assistance appropriation. During FY 1999-2000, Caltrans under Commission delegated authority allocated $29,010,697 to the State's 16 Metropolitan Planning Organizations.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

G. Local Program Delivery - 1st Annual Report

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

G. Local Program Delivery – 1st Annual Report

Due to the interest of the Commission, the Governor, and the Legislature in the timely use of transportation funds, Regional Transportation Planning Agencies (RTPAs) have dedicated considerable effort toward improving delivery of local federal and local State Transportation Improvement Program (STIP) projects. Compared to past years, local agencies have markedly stepped up the pace on delivery, obligating all, and in some cases more than their annual allotment of federal funds (Regional Surface Transportation Program funds and Congestion Mitigation and Air Quality funds). Local STIP project allocations in fiscal year 1999-2000 exceeded 91% of the dollars programmed. At the same time, other non-STIP Local Assistance project categories were less successful.

Local Federal RSTP and CMAQ Projects

In the past, local agencies tended to underspend their annual share of federal Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) funds. Over the six-year period of the 1991 Federal Intermodal Surface Transportation Efficiency Act (ISTEA), local agencies obligated 87% of their federal funds. In stark contrast, during the first two years of the 1997 Federal Transportation Equity Act for the 21st Century (TEA-21), local agencies obligated **only 41%** of their federal funds in Federal Fiscal Year (FFY) 1998 and **only 57%** in FFY 1999. As a result, by October 1999, local agencies had accumulated a **$1.2 Billion backlog** of federal apportionments and left unused $854 million in annual Obligation Authority (OA), which **Caltrans had to step in and put to work** in order to avoid surrendering the unused OA to other states.

Timely delivery of local projects plays a key role in California's ability to take advantage of the annual redistribution of federal funds from other states and to prevent the loss of California's federal funds. The potential loss of federal funds is a significant concern to the Davis Administration and the Legislature. As delivery of local projects lagged; Caltrans, as the responsible fiduciary agent for the State, obligated projects on the State Highway System, so California would not lose any federal funds to other states. As more STIP programming capacity shifts off the State Highway System or remains tied up in unprogrammed county share balances and reserves, and as state highway rehabilitation projects that are more easily delivered are accomplished, it is becoming more difficult for Caltrans to step in on a short order basis and use federal funds left unused by local agencies.

Assembly Bill 1012 (Chapter 783, 1999), with its "use-it-or-lose-it" provisions, has provided a significant incentive for on time delivery of local RSTP/CMAQ projects. AB 1012 became law on October 15, 1999, as urgency legislation. That legislation was enacted to provide a disciplined, structured and accountable environment for the delivery of local RSTP and CMAQ transportation projects. Specifically, the legislation states that RSTP and CMAQ funds not obligated within the first three years of federal eligibility are subject to redirection by the Commission in the fourth year. Caltrans is required to monitor the use of RSTP and CMAQ balances to assure full and timely use of these funds. Local Agencies must now obligate these funds within a three-year

AB 1012-time period. Caltrans is responsible for reporting what apportionments are subject to potential Commission redirection. When there is one year remaining within the three-year AB 1012-time period, Caltrans is to provide written notice to the local agencies. The agencies are required to develop a plan for obligating their balance and to implement that plan so that none of the apportionment balances reach the three-year Commission redirection time period. Any RSTP and CMAQ project funds not obligated by the end of the third year of availability will be redirected by the Commission on to other projects. Caltrans has committed to report quarterly to the Commission on the RSTP and CMAQ summary balances subject to potential redirection.

Caltrans presented the first quarterly AB 1012 RSTP/CMAQ local funds report at the Commission’s **February 2000** meeting. Caltrans reported that **$275.4 million** in local RSTP/CMAQ funds could be subject to Commission redirection on January 19, 2001. Regional agencies with unobligated balances were requested to develop and submit plans for obligating the $275.4 million.

At the Commission's **September 2000** meeting, Caltrans reported that **$175.7 million** in local RSTP/CMAQ funds remained subject to Commission redirection on January 19, 2001, a reduction of over $100 million in the unobligate balance in six month. Caltrans also reported that after a thorough review for feasibility, all plans submitted by regional agencies indicated that no RSTP/CMAQ local funds would be left unobligated by January 19, 2001; and, therefore, no funds would be subject to Commission redirection. The RTPAs, in their own Local Project Delivery Progress Report dated August 18, 2000, indicated that they are confident that **full obligation will be met** by the upcoming January 19, 2001 deadline.

Caltrans, also as a result of Local Program staff increases provided in the FY 1998-1999 State Budget bill, is providing much higher levels of technical assistance and training to local agencies.

Local STIP Projects

Senate Bill 45 (Chapter 622, 1997), split the STIP into two broad programs: the regional program funded from 75% of new STIP funding, and the interregional program funded from 25% of new STIP funding. The 75% regional program is further subdivided by formula into county shares. County shares are available solely for projects nominated by regions in their Regional Transportation Improvement Programs (RTIPs). The RTPAs may nominate both projects on the State Highway System for delivery by Caltrans and projects on local streets and roads and mass transit projects for delivery by local agencies.

During FY 1999-2000, local agencies committed through their RTIPs to deliver $866,665,000 worth of local street and road and mass transit STIP projects. Through June 30, 2000, a total of $793,016,000, or 91.5%, of the local STIP commitment, was allocated to local agencies. Local agencies asked and received up to a 20-month allocation extension for another $62,643,000, or 7.2%, in STIP project commitments. Local agencies lapsed $11,006,000, or 1.3% worth of local STIP commitments on June 30, 2000. The lapsed $11,006,000 reverts back to county share balances with the next STIP period in time for reprogramming in the 2002 STIP. The local agencies "advance delivered" $110,262,000 worth of future local STIP delivery into FY 1999-2000 to more than make up for the allocation extension requests and lapsed funds.

State payments to local agencies for STIP projects not on the State Highway System are classified as "Local Assistance" and appropriated by the Legislature subject to allocation by the Commission. The Commission delegated some of its allocation authority to Caltrans. There are five such delegations for local STIP projects:

Planning, Programming and Monitoring Funds - Under State law (Government Code, Section 14527(h)), each regional agency is permitted, in its RTIP, to request and receive up to one-half of 1% of its county share for project planning, programming, and monitoring. A regional agency that does not receive federal metropolitan planning funds is permitted to request and receive up to 2% of its county share for this purpose. During FY 1999-2000, Caltrans made 40 such local planning, programming, and monitoring delegated allocations for $7,986,000.

Rideshare Project Funds - Under State law (Streets and Highways Code, Section 164), STIP funding made available for the regional improvement program may be used for “transportation demand management” projects, which includes ridesharing. While STIP projects are generally for capital expenditures, the STIP Guidelines (Section 25) explicitly permit “non-capital expenditures for transportation systems management and transportation demand management projects that are a cost-effective substitute for capital expenditures.” During FY 1999-2000, Caltrans made 11 such local rideshare project delegated allocations for $6,463,000.

Match Funds for Local RSTP/CMAQ Projects - Under Federal and State law, federal funds are made available under the RSTP and CMAQ programs for programming by regional agencies outside the STIP. Under Federal law, all RSTP and CMAQ projects require a non-federal match. State law (Streets and Highways Code, Section 188.5(e)) provides that, “Notwithstanding any other provision of law, the Commission shall … provide flexibility so that State funds can be made available to match federal funds made available to regional transportation planning agencies.” In response to this mandate, the Commission has included in its STIP Guidelines a provision (Section 24) that permits a region to program in its RTIP a reserve for RSTP/CMAQ match. Under the Guideline, the Commission may then allocate (or may authorize Caltrans to allocate) funds from the reserve without amending the STIP to identify the individual projects. During FY 1999-2000, Caltrans made 83 such local RSTP/CMAQ project delegated allocations for $2,934,000.

Local Storm Damage and Street and Road Pavement Rehabilitation Projects - Under State law (Streets and Highways Code, Section 164), STIP funding made available for the regional improvement program may be used for “local road” projects. While STIP projects are generally for capital expenditures, the STIP Guidelines (Section 25) explicitly state Commission intent “that rehabilitation projects, excluding maintenance, on the local streets and road system remain eligible for funding in the STIP.” The STIP Guidelines also state that STIP funds “shall be available to fund repair of storm damage on local streets and roads resulting from storms occurring in the winter of 1997/1998.” During FY 1999-2000, Caltrans made 389 such local storm damage/local street and road pavement rehabilitation project delegated allocations for $147,027,000.

Project Development Components of Local Projects Programmed in the STIP - Under State law (Government Code, Section 14529), STIP projects are programmed in separate amounts for each of the following components: (1) environmental studies and permits; (2) plans, specifications, and estimates; (3) right-of-way; and (4) construction. The first two components together comprise project development. Funds expended by local agencies for project development are from local assistance appropriations and are subject to allocation by the Commission. During FY 1999-2000, Caltrans made 67 such local project development delegated allocations for a total of $9,654,000.

Caltrans allocated a total of $174,064,000 under the above five delegation authorizations. The Commission directly allocated another $621,952,000 during its meetings in FY 1999-2000 for a total of $796,016,000 worth of local STIP delivery as reported above.

Other Local Assistance Projects

As reported above under Local Federal RSTP and CMAQ Projects, local agencies have dedicated considerable effort toward improving the delivery of local RSTP and CMAQ projects and are also doing well in delivering local bridge rehabilitation and replacement projects, but the success is not as great with respect to the other Local Assistance project categories, where the AB 1012 “use-it-or-lose-it” provisions are not in force. However, the FY 1999-2000 Local Assistance appropriation is available for three years. Local Assistance projects will continue to charge against this appropriation over the next two years. The following table shows how the Commission’s FY 1999-2000 Local Assistance allocations, totaling $1.1 billion, were used by local agencies in the first year of availability:

Category	CTC Annual Allocation	Use of Allocation
RSTP	$ 297,400,000	$243,719,607
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RR Grade Crossing		
Protection	$ 14,000,000	$ 10,059,617
Maintenance*	$ 4,250,000	$ 0*
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Demo Projects	$ 170,000,000	$ 68,925,931
Training		
LTAP	$ 200,000	$ 200,000
CTAP	$ 1,000,000	$ 1,000,000
TEA	$ 64,400,000	$ 16,789,694
State Exchange	$ 43,000,000	$ 24,235,569
Miscellaneous	$ 2,000,000	$ 8,768,948
Total	$1,066,750,000	$999,701,967

* Programs are established by PUC in last quarter of fiscal year. Project billings are processed in following fiscal year.

RSTP and CMAQ are the two funding categories where “use-it-or-lose-it” is in effect. The above data shows a substantial increase in the use of both the RSTP and CMAQ funds. Local bridge rehabilitation and replacement is progressing well, training funds are also being expended on schedule. The other categories appear not to be as aggressively expended, however allocations have a three-year shelf life and additional delivery against the allocations will continue.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

H. Rural Counties Annual Report

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

H. Rural Counties Annual Report

The State of California contains 28 rural counties, which generally have populations of less than 250,000 and do not have a single urbanized area greater than 50,000. Rural counties provide food, fiber, timber and mineral products for California industry and residents, as well as recreation for urban residents and tourists. In order to provide a direct opportunity for the small counties to remain informed, have a voice, and become involved with changing statewide transportation policies and programs, a task force was formed in 1988 as a joint effort between the California Transportation Commission (Commission) and the rural counties. There are 28 Rural County Regional Transportation Planning Agencies (RTPAs) or Local Transportation Commissions represented on the Rural Counties Task Force (RCTF).

The RCTF is an informal organization with no budget or staff that generally meets every other month. A member of the Commission usually acts as liaison to the RCTF, and Commission and Caltrans staff typically attend these meetings to explain and discuss changing statewide transportation issues that may be of concern to the rural counties.

With the implementation of SB 45 (1997), demands on transportation systems and the responsibilities of small local planning agencies have expanded significantly. More effort is now being applied in the areas of project specific planning, programming and monitoring. Under SB 45, the value and purpose of the RCTF is expanding as well.

The following are recent challenges and accomplishments that have involved the RCTF members during 2000, as well as issues that will continue to involve the RCTF into the year 2001.

Local Road Rehabilitation and Maintenance Funding

In 1998, the Commission opened the STIP to local road rehabilitation projects because of need even though the projects did not fit well with the intent or structure of the STIP provisions. (The STIP has traditionally been a capital improvement/capital enhancement program.) Many local rehabilitation projects were added to the STIP with many of them in rural counties. The Commission loosened the local road rehabilitation definition in the STIP Guidelines to make local road rehabilitation an easier fit for the STIP funds. The rural counties have, with their limited resources, tried to quantify and address the need for local road rehabilitation funding. During 1999 and most of 2000, the RCTF, along with a coalition of representatives from Metropolitan Planning Organizations and Councils of Governments and cities and counties, submitted input to the Governor and the Legislature encouraging that funds be provided directly each year to cities and counties as a reliable annual subvention specifically for local road rehabilitation outside of the STIP. As a result, the Governor's Transportation Initiative provided a one-time $400 million for FY 2000-01, and an estimated $120 million in each of the subsequent five years. These funds must be shared by all cities and counties statewide. Rural city and county apportionments from this total will meet less than 5% of rural needs. Based on the RCTF local road rehabilitation funding needs survey that was conducted in February 1999, the one-time cost to bring the State's rural county roads back up to "good" (not excellent) condition is approximately $1 billion. To keep these roads in good condition from that point forward will cost more than $50 million per year. The RCTF has consistently reaffirmed that one of its top priorities is to have the State assist in addressing the need for additional local road rehabilitation funding and, if successful, to reduce the amount of local road rehabilitation being funded by the STIP.

Rural Planning Funds

The RCTF worked with Caltrans to secure a doubling of Rural Planning funds within the Caltrans' Budget. Starting with the Governor's Budget for FY 2000-01 the $2 million set aside for Rural Planning funds has been increased to $4 million retroactive back to July 1, 2000. The primary need and use for these additional funds is to improve the Regional Transportation Plans (RTPs) and transportation planning processes in rural counties. One direct result should be better transportation project prioritization, selection and definition, which in turn should lead to better project delivery.

Project Planning, Programming and Monitoring Funds

Rural counties have indicated that they support increasing the amount of STIP funds that can be used for Project Planning, Programming and Monitoring (PPM) from 2% to 5% of their individual county STIP shares. The Rural counties will seek special legislation during the next legislative session to increase the PPM allowance to at least 5%. The rural counties have disadvantages that aren't seen in the urban areas. They lack staff and/or consultants to deal with many of the federal requirements and Caltrans' procedures that must be addressed in the delivery of State or federally-funded projects. For example, the recently enacted Federal Disadvantaged Business Enterprise (DBE) requirements call for data collection, annual hearings and a monitoring process by each city and county. Rural counties need the ability to program at least 5% of STIP in order to improve their ability to deliver more State and federally-funded transportation projects.

Streamlining Federal Requirements

In addition to the need for more rural planning funds and PPM funds, numerous problems and potential solutions have been discussed concerning the subjects of streamlining federal requirements and improving Caltrans' local assistance in rural areas. One way to directly streamline federal requirements in rural counties is to remove them by exchanging federal transportation funds for State-only funds. The Commission is already providing this exchange of funds through its RSTP and TEA Programs. Also, newly available is the Traffic Congestion Relief Act (TCRA), which allows the exchange of federal regional surface transportation funds and federal congestion mitigation and air quality funds for State transportation funds. The TCR Exchange Program is intended to increase flexibility in the use of State and federal transportation funding by putting transportation dollars to work in a timely manner, thus providing transportation benefits as early as possible. The rural counties appreciate and will continue to use these opportunities. Rural counties also appreciate the Commission policy that provides State-only funds through the STIP for local road projects costing less than $750,000. The RCTF is encouraging expanding opportunities to exchange federal funds for State funds in rural areas to the Highway Bridge Replacement and

Rehabilitation (HBRR); Hazard Elimination and Safety (HES), and two other programs where possible. The benefit of exchanging federal funds for State funds is that the rural counties no longer have to deal with many of the federal regulations such as Disadvantaged Business Enterprise (DBE) programs and federal environmental requirements that severely hinder them. For example, rural counties are familiar with managing California's environmental laws (CEQA), but they typically do not have the extra staff resources or experience necessary to deal with the more complex federal environmental laws--National Environmental Policy Act (NEPA).

Performance Measures

The RCTF is assisting Caltrans and the Commission in implementing performance measure requirements of SB 45 to ensure that the State’s transportation funds are being spent in the most responsible and effective manner. Performance measures remain a difficult and new concept to incorporate in the rural RTPs. The RCTF worked on this subject during several rural county RTP workshops held last winter. The RCTF is scheduled to meet and work on performance measures again during its January 2001 meeting.

Interregional Transportation Improvement Program (ITIP)

SB 45 mandates that 75% of the STIP funds be programmed and expended for regional improvements nominated by the regional planning agencies through their Regional Transportation Improvement Plans (RTIPs), and 25% of STIP funding be programmed and expended for interregional improvements nominated by Caltrans through the ITIP. Projects nominated for funding in the ITIP should be consistent with the statewide Interregional Transportation Strategic Plan (ITSP), just as regional improvements are expected to be consistent with RTPs. Caltrans has sought partnerships with rural counties to form joint IIP and RIP funding partnerships for "focus" and "emphasis" highways identified within the ITSP. Many valuable State-regional highway projects are becoming funded in this way. Several rural counties have identified State highway projects that are regional priorities in their RTPs and RTIPs, but do not qualify for "focus" or "emphasis" status in the State's ITSP. There is a need to clarify and assure that some level of State share IIP funding will be available to those rural counties willing to program substantial regional RIP shares and in some cases other local funds to projects on non-focus/emphasis State highways.

Intelligent Transportation Systems (ITS) Applicability to Rural Counties

California's rural transportation infrastructure is aging and increased demands upon it impact economic development. Between many rural communities, there are limited services and vast distances. Many rural areas are economically depressed and their economic viability is limited by their isolation. Furthermore, economic development efforts are hampered by insufficient infrastructure, limited operating funds, limited access to technical assistance and distance from markets and support industries. The rural transportation system serves as a significant backbone--east/west and north/south trade corridors link regional economies and commercial industries.

Rural transportation research has substantial benefits because such research provides knowledge, products and technologies to improve the efficiency, effectiveness and safety of the transportation system. Caltrans has determined that when effectively planned, researched, developed and tested, Intelligent Transportation Systems (ITS) can increase the safety and security of rural travel while assisting rural transportation users and managers to achieve improved levels of efficiency and productivity.

To further the research and development of ITS in rural areas, Caltrans, in partnership with local and regional partners, has been involved in the following activities: The California-Oregon Advanced Transportation System (COATS) study. COATS is studying ITS application in far Northern California and Southern Oregon and will: (1) identify transportation and information needs within the study area; (2) determine beneficial and cost-effective ITS solutions based on the identified needs; (3) demonstrate initial small-scale projects to test the feasibility of rural ITS; and (4) develop an ITS Strategic Deployment Plan outlining short, medium and long-term ITS recommendations.

Other rural counties that are participating in the Caltrans' ITS studies are as follows:

- Sierra Nevada ITS Strategic Deployment Plan (SDP): Development of an ITS/SDP for Alpine, Amador, Calaveras, Inyo, Mariposa, Mono and Tuolumne Counties.
- Tahoe Gateway: Development of an ITS/SDP for El Dorado, Nevada, Placer and Sierra Counties.
- Tahoe Basin: Development of an ITS/SDP for the Lake Tahoe Basin area.
- San Joaquin Valley: Development of an ITS/SDP for San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare and Kern Counties.
- Central Coast: Development of an ITS/SDP for Santa Cruz, San Benito, Monterey, San Luis Obispo, and Santa Barbara Counties.

The RCTF is following these ITS studies and deployments to determine what applications can be of the most benefit, since the benefits may be quite limited in relation to their cost in rural areas of the State.

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Volume II –Activity and Accomplishments

I. Innovative Financing: AB 1012 Loan Program, GARVEE Bonds, and TIFIA

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

I. Innovative Financing: AB 1012 Loan Program, GARVEE Bonds, and TIFIA

AB 1012 Short Term Loans From the State Highway Account (SHA) Cash Balance

Government Code Section 14529.6, added by Chapter 783 of the Statutes of 1999 (AB 1012), established a loan program to advance unallocated funds from the SHA to local entities for the advancement of projects eligible under the State Transportation Improvement Program (STIP) that are included within an adopted Regional Transportation Plan (RTP). The statutory intent is to expedite the use of the high cash balance in the SHA by putting the funds to work "at the earliest possible time on needed transportation improvements." The loans are to be approved on a first-come, first-served basis.

The California Transportation Commission (Commission) is required by Section 14529.6(e) to propose guidelines and procedures to implement and expedite the SHA Loan Program authorized under AB 1012 and by Section 14529.6(f) to adopt, after a public hearing, a "uniform loan agreement package" and the guidelines and procedures. The guidelines and the "uniform loan agreement package" were adopted June 15, 2000.

The guidelines apply to all SHA loans to local entities approved by the Commission. Specific activities governed by these guidelines include independent fiscal analysis, project eligibility, loan application review and approval, transmittal of funds, loan terms, "calling" of the loan for non-compliance or default, project overruns, and monitoring and reporting.

Total project costs must exceed $10 million, except in smaller counties. Maximum single loans cannot exceed 50% of a county's regional-choice STIP allocation, nor exceed $100 million. The maximum loan term remains four years with repayment to be made in cash from non-state sources. Projects funded under this program must be under construction not later than six months after the loan funds are transmitted; or, upon notice, the loan must be repaid with interest. The outstanding principal and interest on defaulted loans are to be recovered from a county's next STIP County Share, plus a 5% penalty; defaulting counties are ineligible for RIP programming until loans are repaid in full. Interest on the loans is set at the Pooled Money Investment Account quarterly rate.

The Commission may advance monies from the SHA in the form of loans whenever the SHA cash balance exceeds $400 million. The total amount of outstanding loans shall not exceed $500 million at any one time. Twice a year, on January 15 and July 15, the Commission is required to adopt projections of funding availability and the period of time during which the funds will be available. On January 19, 2000, the Commission adopted a loan capacity of $200 million over four years; on June 15, 2000, the Commission adopted an updated loan capacity of $300 million for four years and on December 6, 2000, the Commission adopted an updated loan capacity of $300 million over four years, $400 million over two years and $500 million for one year.

No applications for AB 1012 Loans were submitted to the Commission in 2000.

Federal Grant Anticipation Revenue Vehicles (GARVEE Bonds)

Chapter 862 of the Statutes of 1999 (SB 928) added Chapter 4 (commencing with Section 14550) to Title 2, Division 3, Part 5.3 of the Government Code, authorizing the State Treasurer to issue Federal Highway Grant Anticipation Revenue Vehicles (GARVEE bonds) and authorizing the Commission to select and designate projects to be funded for accelerated construction from bond proceeds. The Commission, in cooperation with Caltrans and Regional Transportation Planning Agencies (RTPAs), is required to establish guidelines for project eligibility and the implementation of GARVEE bond financing allocations.

This program allows a region or Caltrans to access future federal funds to finance a transportation project with a cost well beyond funds currently available in one or two STIP cycles. The intent of the Legislature in authorizing the use of GARVEE financing in California is to accelerate the funding and construction of critical transportation infrastructure projects in order to provide congestion relief benefits to the public significantly sooner than traditional funding mechanisms. GARVEE financing of a project is appropriate when the additional public benefits resulting from early construction exceed financing costs.

GARVEE bonds are tax-exempt anticipation notes backed by annual federal appropriations for federal aid transportation projects. They were authorized in federal law by Section 311 of the National Highway System Designation Act of 1995, which amended Section 122 of Title 23 of the United States Code (the Federal Aid Highway Act) to expand the eligibility of bond and other debt instrument financing costs for federal aid reimbursement. The definition of construction was revised in Title 23, Section 101, to include a reference to bond-related costs eligible for reimbursement, including principal and interest payments, issuance costs, insurance, and other costs incidental to financing. Five states (Arizona, Arkansas, Colorado, New Mexico and Ohio) have issued GARVEEs, and five states (Alabama, California, Florida, Oklahoma, and Nevada) have authority to issue GARVEEs.

The statutory requirements of the GARVEE Financing Program include:

- **Project Selection and Eligibility** - The Commission may select and designate eligible projects to be funded from the proceeds of notes if financing of the project from the proceeds of notes has been approved by the Federal Highway Administration (FHWA) and the RTPA, and the project has completed environmental clearance and project design.
- **Annual Determination of Bonding Capacity** - On or before April 1 of each year, the Commission, in conjunction with the Treasurer's Office, shall prepare an annual analysis of the bonding capacity of federal transportation funds deposited in the SHA.
- **Eligibility Guidelines** - The Commission, in cooperation with Caltrans and RTPAs, shall establish guidelines for eligibility for funding allocations under this program. The guidelines shall be nondiscriminatory and shall be designed to allow as many counties as possible to

establish eligibility for funding allocations under this program, regardless of population or geographic location.

- **Limitation on Note Issuance -** The Treasurer may not authorize the issuance of notes if the annual repayment obligations of all outstanding notes in any fiscal year would exceed 30% of the total amount of federal transportation funds deposited in the SHA for any consecutive 12-month period within the preceding 24 months.
- **Charges Against County Shares** - All funds allocated to a project under this program, including cost overruns and financing costs, shall be counted against the STIP county share for the county in which the project is located.
- **Pledging Future Federal Funds** - In order to provide security for repayment of the notes, the Commission shall adopt a resolution dedicating and pledging any future receipts of federal transportation funds received by the State to the payment of principal, interest and premiums on the notes for as long as any notes remain outstanding.
- **Assessing Notes vs. Other Mechanisms** - Before notes are issued, the Commission, in cooperation with Caltrans, shall consider and determine the appropriateness of the mechanism authorized by this program in comparison to other funding mechanisms, including, but not limited to, pay-as-you-go, federal advance construction, federal incremental advance construction, or other funding methods authorized under federal law to achieve maximum efficiency from the State's federal allocation of transportation funds.
- **Requesting Issuance of Notes** - Upon taking the actions authorized under this program, the Commission may request the Treasurer to issue notes to provide funds for the projects.
- **Annual Report** - On or before April 1 of each year, the Commission shall prepare and submit an annual report regarding the preceding calendar year to the Governor and the Legislature. Each report shall compile and detail the total amount of outstanding debt issued pursuant to this chapter and the projects funded by that outstanding debt.

Treasurer's Annual Determination of Bonding Capacity - On March 21, 2000, the Treasurer submitted his "Analysis of GARVEE Bonding Capacity 2000." Analyses of several scenarios are included in the report to assist the Commission in examining the broad policy issues necessary to fulfill its responsibility for development of program guidelines and related implementation plans.

Scenarios with GARVEE note maturities of 5, 10, 15, and 20 years under various revenue and interest rate conditions are presented in the report. The maximum annual debt service allowed by statute under the various scenarios considered by the Treasurer ranges from $317,000 to $550,000. The range of GARVEE bonding capacity for bonds with final maturities of 5, 10, 15, and 20 years is displayed next.

Final Maturity	Range of GARVEE Bonding Capacity
5 Years (all federal funds)	$1.80 billion to $2.38 billion
5 Years (excluding local agency "pass-through")	$1.33 billion to $1.90 billion
10 Years (all federal funds)	$3.11 billion to $4.20 billion
10 Years (excluding local agency "pass-through")	$2.30 billion to $3.35 billion
15 Years (all federal funds)	$4.01 billion to $5.51 billion
15 Years (excluding local agency "pass-through")	$2.97 billion to $4.39 billion
20 Years (all federal funds)	$4.62 billion to $6.45 billion
20 Years (excluding local agency "pass-through")	$3.42 billion to $5.14 billion

GARVEE Guidelines - The Commission adopted guidelines for eligibility for funding allocations under this program on November 2, 2000. The guidelines integrated GARVEE financing into the current STIP programming process and specified how GARVEE debt service costs will be counted against STIP county shares or the Caltrans' STIP Interregional Share. GARVEE bond funding allocations will approve a specific amount of bond proceeds to be applied to the project and the term over which bonds are to be repaid. The allocation will also include an estimate of the annual debt service. The Commission's allocation of GARVEE bond funding for a project will also include: (1) a request to the State Treasurer that bonds be sold to fund the project, and (2) a resolution dedicating and pledging any future receipts of federal transportation funds received by the State to the payment of principal, interest and premiums on the notes for as long as any notes remain outstanding.

The Commission intends to review these guidelines and criteria for approving GARVEE financing at such time as one half of the statutorily allowable federal apportionment (15%) has been allocated to annual GARVEE debt service, or in 24 months, whichever occurs first.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

Through the Transportation Infrastructure Finance and Innovation Act (TIFIA), the U.S. Department of Transportation (USDOT) can provide credit assistance with flexible repayment terms directly to public and private sponsors of major surface transportation projects to assist them in gaining access to capital markets. TIFIA provides a total of $530 million of contract authority through FY 2003, to fund up to $10.6 billion in direct loans, loan guarantees, and lines of credit to support up to 33% of project costs. USDOT's credit support for the $2.4 billion Alameda Corridor project helped lay the groundwork for TIFIA.

Eligible projects for TIFIA financing include highway and transit capital projects, international bridges and tunnels, intercity passenger bus and rail projects (including Amtrak and Maglev systems) and publicly-owned intermodal freight transfer facilities on or adjacent to the National Highway System (NHS). The total project cost must be at least $100 million or 50% of a State's annual apportionment and be supported by user charges or other dedicated revenue streams.

Projects are selected by the USDOT Secretary based on national significance, credit-worthiness, and private participation.

On Sept. 27, 1999, USDOT awarded $1.6 billion in TIFIA credit assistance to five projects selected in the first round of application in 1999, including one project in California. California Transportation Ventures (CTV) received $127 million in credit enhancements for the State Route (SR) 125 Toll Road project in San Diego County. The 10-mile $411 million project is being funded entirely with private sector capital.

Applications for the second round of TIFIA financing were due by July 5, 2000. In January 2000, Caltrans sent a letter to all RTPAs and Metropolitan Planning Organizations (MPOs) requesting information on potential TIFIA applications and offering to facilitate meetings between applicants and the FHWA to help scope the applications, ensure eligibility, and provide technical assistance if needed. No assistance was requested from Caltrans and no applications were submitted for projects in California. Applications for the following six projects were submitted:

<u>Project (Total Cost)</u>

- Central Texas Turnpike, Austin to San Antonio ($3.22 billion)
- Tacoma Narrows Bridge, Tacoma, Washington ($835 million)
- Cooper River Bridges, Charleston, South Carolina ($650 million)
- Staten Island Ferries and Ferry Terminal, New York City, New York ($463 million)
- Reno Transportation Rail Access Corridor, Reno, Nevada ($242 million)
- Washington Monument Visitor's Facility, Washington, District of Columbia ($97 million)

On September 26, 2000, USDOT announced it will provide $637.8 million of credit assistance to three projects of national and regional significance in New York, South Carolina and Washington State worth $1.95 billion. The projects selected for fiscal year 2000 under TIFIA are:

- Staten Island Ferries and Terminals, New York -- This $463.1 million project, supported by a $152.8 million TIFIA loan, includes the rebuilding of the Whitehall Ferry Terminal in Manhattan and the St. George Terminal in Staten Island, as well as replacement of three ferry boats that have been in operation since the 1960s. Completion of the project is expected in 2003.

- Cooper River Bridge, Charleston, S.C. -- A TIFIA loan of $215 million will support this new 2.5-mile bridge, estimated to cost up to $650 million, which will replace two existing, structurally deficient bridges connecting Charleston and Mount Pleasant, S.C. Completion of the project is expected in December 2004.

- Tacoma Narrows Bridge Project, Pierce County, Washington -- This $835 million project, backed by a $240 million TIFIA loan and a $30 million line of credit, will improve a 3.4-mile segment of SR 16 between Tacoma and Gig Harbor, Washington alleviating congestion and improving the safety and reliability of the crossing. Completion is expected in May 2005.

USDOT also solicited applications for the third round of TIFIA financing with a deadline of September 6, 2000. Again, no applications were submitted for projects in California. Applications for the following four projects, two applications deferred from the second round of TIFIA and two applications for new projects, were submitted:

Project (Total Cost)

- Central Texas Turnpike, Austin to San Antonio ($3.22 billion),
- Reno Transportation Rail Access Corridor, Reno, Nevada ($242 million),
- Elizabeth Segment of the Newark - Elizabeth Rail Link, Elizabeth, New Jersey ($300 million),
- Acela Regional Locomotive Remanufacture, Amtrak ($120 million).

On November 22, 2000, the USDOT announced that $880 million in TIFIA funding had been awarded for the third round (FY 2001) to two projects with a total cost of $3.46 billion. The projects are:

- Central Texas Turnpike, Austin to San Antonio ($3.22 billion), received an $800 million TIFIA loan. The project involves construction of a 122-mile turnpike that consists of four distinct, but interconnected, elements (SH 45, Loop 1, US 183 and SH 130). The largest component, SH 130, is a 90-mile facility that runs parallel to Interstate 35. Completion of all elements of the project is expected in 2009.

- Reno Transportation Rail Access Corridor, Reno, Nevada ($242 million), received a $79.5 million TIFIA loan. The project will result in the construction of a 2.25 mile long below-grade transportation corridor through downtown Reno with two mainline tracks and an access road, and replacement of ten at-grade rail crossings with bridges. Completion of the project is expected in 2005.

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J. Guidelines for Local Funding of State Transportation Improvement (STIP) Projects - AB 872

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

J. Guidelines for Local Funding of STIP Projects - AB 872

AB 872 (Alquist, Chapter 572, Statutes of 1999) authorizes a regional or local entity to expend its own funds as an "advance" for any component of a transportation project within its jurisdiction that is included in the current fiscal year of the State Transportation Improvement Program (STIP) and for which the Commission has not made an allocation. The amount expended would be authorized to be reimbursed by the state, subject to annual appropriation by the Legislature, **if**:

1. the Commission makes an allocation for, and Caltrans executes a fund transfer agreement for, the project during the same fiscal year in which the regional or local expenditure was made;

2. expenditures made by the regional or local entity are eligible for reimbursement in accordance with state and federal laws and procedures; and

3. the regional or local entity complies with all legal requirements for the project.

Caltrans and the local or regional entity are required to execute an agreement to transfer funds for a project within 90 days from the date on which the Commission approves an allocation for the project, if no deficiencies that require clarification by a local or regional entity are identified in the pre-award audit for the project, and the project is included in the adopted STIP.

Caltrans is required to report annually by July 1 to the Legislature on the number of projects for which an agreement to transfer funds was executed and on all projects for which an agreement was not executed within the period provided and the reasons; therefore, and a description of any actions taken by Caltrans during the prior fiscal year to streamline, expedite, and simplify the department's process for executing agreements to transfer funds.

Implementation

The authority granted under AB 872 took effect January 1, 2000, and the Commission adopted guidelines to implement AB 872 reimbursement allocations on February 23, 2000.

The first request for a reimbursement allocation was approved in May 2000, and as of December 6, 2000, the authority has been used 17 times for projects totaling $1,027,000. In all cases, the local agencies were able to begin work on their projects nearly one full year before a STIP allocation would have been made. Caltrans made all of these reimbursement allocations under authority delegated by the Commission.

AB 872 Guidelines

To facilitate implementation of AB 872 reimbursement allocations, the Commission adopted guidelines at the February 2000 Commission meeting. The guidelines address:

Expenditures Eligible for Reimbursement Allocation - Only those expenditures or contract obligations made by a local agency, for a project programmed in the STIP both at the times of expenditure and the allocation request, are eligible for reimbursement allocation.

Compliance with Statutes and Regulations - Approval of any reimbursement allocation request is subject to local agency compliance with all state and federal statutory and regulatory requirements for the project. Requests will be approved only if the Commission finds that there was no legal impediment to an allocation, other than the lack of state budget authority, at the time of expenditure.

Request for Reimbursement Allocation - The Commission will consider a request for reimbursement allocation when it receives a request from a local agency, specifically identifying the date of the prior expenditure and a recommendation from Caltrans on the requested reimbursement.

Commission Discretion in Approval of Reimbursement Allocations - The Commission retains its discretion to approve or disapprove all proposed allocations, including requests for reimbursement allocations.

Commission Action - Commission approval will explicitly authorize reimbursement for prior expenditures and specify the earliest date for which prior expenditures may be authorized.

Delegation of Authority - The Commission has delegated to Caltrans authority to make some STIP allocations. Where this delegation has been made, Caltrans is delegated the authority to approve reimbursement allocations.

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K. Native American Workshops & Issues

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

K. Native American Workshops and Issues

Over the past 16 months, the California Transportation Commission (Commission) has held three workshops with Native American Tribes in Cabazon (Riverside County) on September 15, 1999, at the Jackson Rancheria (Amador County) on January 12, 2000, and in Eureka (Humboldt County) on April 12, 2000. The objective of the meetings was to define Tribal transportation issues and ways to better integrate the land use policies and transportation needs of the Tribal Governments into the State and regional transportation planning and programming process. The interaction at the meetings was also meant to strengthen the government-to-government relationships between the State, Tribal Governments, and Regional Transportation Planning Agencies (RTPAs), and to promote the partnership necessary to provide a safe and comprehensive transportation system that meets the needs of all our respective communities.

The Commission also held a workshop at the December Commission meeting to review issues and recommendations from the three workshops and to develop a strategy for implementing these recommendations. The Tribes requested the Commission to:

- support efforts to bring more funding to California for transportation projects through the Bureau of Indian Affairs Indian Reservation Road (IRR) Program by continuing to support increasing the share of IRR Program funding allocated to Tribes in California to 9.2% of the program total (California's minimum guarantee percentage of federal highway funds), and guaranteeing 100% Obligational Authority (OA) for the IRR Program;

- support the "New Distribution Formula" currently being negotiated by the IRR Negotiated Rule Making Committee until the 9.2% share can be achieved;

- reaffirm their support to develop a process to make funding lost to California Tribes as a result of the 90% OA limitation on the IRR Program available to Tribal transportation projects through a state program directly with the Tribes; and

- support the distribution of funds from the Indian Gaming Special Distribution Fund to local governments, Tribes and the State government, in the areas of the State in which the funds were generated, to mitigate the growth, traffic and environmental impacts of new and expanding gaming facilities. (Existing law establishes in the State Treasury the Indian Gaming Special Distribution Fund for the receipt and deposit of gaming device license fee moneys received by the state from Indian tribes pursuant to the terms of tribal-state gaming compacts, which shall be available for appropriation by the Legislature for specified regulatory and other purposes.)

During the year 2000, the Commission has played an active role in supporting Native American transportation initiatives. The Commission has requested support from California's

Congressional delegation for an increase in the share of federal Indian Reservation Roads (IRR) Program funds distributed to California Tribes, has adopted policies and guidelines to include Tribal Governments in the regional transportation planning process, and has encouraged programming of transportation projects to improve access to Tribal lands.

Issues and Actions from the Native American Transportation Workshops

The following issues and Commission actions have come out of the three meetings on Native American transportation issues held September 15, 1999, at Cabazon in Riverside County, January 12, 2000, at Jackson Rancheria in Amador County, and April 12, 2000, at Eureka in Humboldt County.

1. Commitment to work on Tribal issues through the Government-to-Government process - Transportation Equity Act for the Twenty-First Century (TEA-21) requires that transportation planning activities among Indian Tribal Governments, the Bureau of Indian Affairs (BIA), Federal Highway Association (FHWA), Federal Transit Administration (FTA), States and local governments be performed on a Government-to-Government basis. Also, the FHWA and FTA require the State, Regional Planning Organizations, and Metropolitan Planning Organizations to consult with and consider the interests of Indian Tribal Governments in the development of transportation plans and programs, and with respect to each area of the State under the jurisdiction of an Indian Tribal Government, the program shall be developed in consultation with the Tribal Government and the Secretary of the Interior. (23 U.S.C., Section 135(f)(1)(B)(iii)). The Commission and Caltrans have expressed a commitment to work with the Tribes on transportation issues through the Government-to-Government process.

   The Commission, Caltrans, and RTPAs that attended the workshops committed to:
   a. Increase sensitivity to confidentiality of contents and location of Tribal cultural sites;
   b. Integrate Tribal environmental concerns into environmental documents and their review process;
   c. Increase flexibility to work toward desired final products and outcomes in a way compatible with Tribal processes rather than being strictly tied to existing Caltrans procedures; and
   d. Include Tribal consultation in the project decision-making process as well as in the planning process.

2. Consultation – It was suggested that discussion and consultation on transportation policies at the State level should be between the existing BIA Advisory Committees, which are composed of elected Tribal leaders, and the Secretary of Business, Transportation and Housing, the Commission, and the Director of Caltrans. The BIA Advisory Committees are the appropriate forum for developing unified positions among the Tribes on issues to be negotiated with the State. At the project level, the most effective coordination would be between individual Tribes, or coalitions of Tribes, RTPA, and Caltrans District.

3. Federal Funding – The IRR Program provides $275 million a year nationwide for improvements that address transportation issues specific to the Tribes, with $1.7 million

(0.6%) of these funds available for the 107 federally recognized Tribes in California. The Commission's SR 8 Report identified $275 million of road improvement needs for access to and circulation within Tribal lands over the next ten years. Tribal representatives asked the Commission to help secure more of the federal funds by supporting their requests to; (1) increase the share of IRR funds allocated to California Tribes to 9.1962% of the program total (California's minimum guarantee percentage of federal highway funds), and (2) guarantee 100% Obligational Authority for the IRR Program.

a. The Commission has communicated to the California Congressional delegation and the BIA its support for an increased share of IRR Program funding going to Tribes in California, specifically increasing the share of IRR funds allocated to California Tribes to 9.2% of the program total, and guaranteeing 100% Obligational Authority (OA) for the IRR Program.

4. <u>Indian Reservation Road Program "Lop-Off"</u> - The Commission made a commitment to the Tribes to support 100% Obligational Authority for the IRR Program. Another issue that arose was the identification of the disposition, amount, and accessibility of the funds lost as a result of less than 100% IRR Program OA, and to work with the federal government and Caltrans to make these funds available to the Tribes.

   a. Caltrans has determined that the OA limitation on the IRR Program resulted in the loss of <u>$1,967,652</u> to California Tribes in the first three years of TEA-21 ($452,341 in FY 1998, $719,100 in FY 1999, and $796,211 in FY 2000).
   b. Chairman Kellogg and Commissioner Wolf committed to work to develop a process to make funding lost by California Tribes as a result of OA limitations on the IRR Program, available to Tribal transportation projects through a State program.

5. <u>Bureau of Indian Affairs (BIA)</u> - Tribes indicated that there is a misconception that the BIA can take care of all Tribal issues. They pointed out the limited resources the BIA and Tribes have for construction and maintenance of Tribal roads. This included very small amounts for planning from $2 dollars to $8,000 per year for Tribes, less than $700,000 for maintenance, and approximately $5 million for construction for all 107 Tribes in the State.

6. <u>State and Local Funding</u> – According to the FHWA there is no legal impediment that would prohibit the use of federal funds programmed by the State or regional agencies in the State Transportation Improvement Program (STIP) on projects on Tribal lands. Tribes were encouraged to participate in the planning and programming process at the local level where programming decisions for 75% of STIP funding are made. Participation in the local process is particularly important seeking project funding from county transportation sales taxes.

   a. The Commission stated in its adoption of the Regional Transportation Plan (RTP) Guidelines its support of funding transportation projects accessing Tribal lands through state and local transportation programs.

7. Planning - The Commission adopted RTP Guidelines that emphasize the federal and State requirement to consult with and consider the interests of Indian Tribal Governments in the development of transportation plans and programs.

    a. This requirement will be enforced by accepting only Regional Transportation Improvement Programs (RTIPs) for programming in the 2002 STIP, which address the requirements in the RTP Guidelines.

8. Programming - The Commission committed to work with Caltrans, Lassen County Transportation Commission, and the BIA to improve the road connection between Susanville Rancheria and State Route 139.

    a. At the July 2000 Commission meeting, a STIP amendment to program the Spring Ridge Road project was presented to the Commission. This project is jointly funded by Caltrans, Lassen County Transportation Commission, and the BIA.

9. Additional Caltrans Project Development Assistance – The Commission communicated to the Caltrans Director support for additional Caltrans personnel to meet and work with Tribes to assist in identifying projects and preparing the necessary studies, to get projects in the BIA transportation plans funded through the STIP.

10. Caltrans District Native American Advisory Committees - Caltrans District 11 (San Diego) Director Gary Gallegos reported that he is creating a Native American Advisory Committee for his district. The Tribes requested that the Caltrans Director direct other districts to do the same.

11. Caltrans Training and Assistance Programs - The Commission communicated to the Caltrans Director support for additional Caltrans personnel to meet and work with Tribes to assist in training and development of transportation plans.

    a. Caltrans has committed to hold a Tribal Transportation Planning Academy as an orientation on working within the Caltrans process. This academy will provide information to Tribes on State and federal processes for planning, programming and implementation of projects.
    b. Caltrans agreed to assist Tribes in securing funding from sources currently available to Tribes for transportation projects including BIA planning funds, Transportation Enhancement Activities (TEA) funds, the 10% ITIP funding for economic development, and other federal discretionary grant funds.
    c. Caltrans has modified highway signage policies to allow Tribes destination signage. A list of the Caltrans District contacts was provided.
    d. Caltrans was asked to include information on Tribal Employment Rights Ordinance (TERO) requirements in Requests for Bids on Caltrans projects and to ensure that contractors are aware of the Indian workforce.
    e. Caltrans District 11 (San Diego) is working with some Tribes on a training program for the use of heavy equipment in road construction.

f. Caltrans is working with the Department of General Services and the Tribes to allow Tribes to purchase or lease Caltrans equipment.

12. Regional Transportation Planning Agency Representation - The Tribes asked that State law be amended to give the Tribes the same standing and eligibility as cities and counties in transportation planning and programming. Tribal members pay local and State sales and fuel taxes and, as an equity issue, should be included policy bodies that determine the use of the tax revenues. They proposed a demonstration project to form a Reservation Regional Transportation Authority in Southern California that would cooperate with the RTPAs but would also have direct access to the Commission for programming projects.

    a. The Tribes will pursue legislation to designate Tribal Governments as members of RTPA boards. The Hoopa Valley Tribe in Humboldt County is the only Tribe that currently has this authority (Government Code Section 65101.1);

13. Commission Appointment - The Commission has voiced support to the Governor for a Tribal representative to be appointed to the Commission.

14. Support for a Tribal Desk at the Governor's Level - Tribes requested support to have an Indian desk at the Governor's level. The Commission indicated support of this concept.

Tribes Attending Meetings

Listed below are the 34 Tribes that sent representatives to one or more of the three Native American Transportation Workshops. Also listed are the Tribal Organizations that sent representatives to these meetings. Taken together, these organizations represent all 106 Tribes in California.

Northern California
- Cahto Tribe
- Bear River Band of Rohnerville Rancheria
- Blue Lake Rancheria
- Hoopa Valley Tribe
- Karuk Tribe
- Resighini Rancheria
- Susanville Indian Rancheria
- Table Bluff Rancheria
- Trinidad Rancheria
- Yurok Tribe of California

Southern California
- Barona Reservation
- Cabazon
- Cahuilla Band of Indians
- Chemehuvi Indian Reservation
- Jamul Band of Mission Indians
- Los Coyotes
- Morongo Band of Mission Indians
- Rincon Reservation
- Santa Rosa Rancheria
- Santa Ysabel Reservation
- Torres Martinez Desert Cahuilla

Central California
- Bishop Indian Reservation
- Coyote Valley Reservation
- Dry Creek Rancheria
- Hopland Band of Pomo Indians
- Guidiville Rancheria
- North Fork Rancheria
- Paskenta Band of Nomlaki Indians
- Redwood Valley Reservation
- Round Valley Tribes
- Scotts Valley Tribe
- Shingle Springs Rancheria
- Tule River Indian Reservation
- United Auburn Indian Community

Tribal Organizations Present:
- Reservation Transportation Authority (represents 23 Tribes in southern California).
- Central California Policy Committee (represents 52 Tribes in central California).
- Sacramento Regional Area Committee (represents 106 Tribes in the State).
- California Indian Lands Office (statewide organization).
- Caltrans Native American Advisory Committee (statewide organization).
- Inter-Tribal Council of California (26 Tribes statewide).
- American Indian State Employees Association (statewide organization).
- Native American Negotiating Rule Making Committee (represents all Tribes in California during the national meetings held throughout the United States).

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L. Seismic Safety Retrofit Program Annual Report Status of Proposition 192

II. 2000 ACTIVITY and ACCOMPLISHMENTS

L. Seismic Safety Retrofit Program Annual Report/Status of Prop 192

The damage caused by the 1989 Loma Prieta and the 1994 Northridge earthquakes to the State's highway bridges made the seismic retrofitting of bridges California's number one transportation priority. Since the Loma Prieta earthquake over 11 years ago, the seismic retrofit program has focused on those bridges deemed most vulnerable or critical to emergency response capability during a widespread civil disaster. This includes most of the single column support type bridges in high priority fault zones and some of the most vulnerable multiple column support type bridges. Also included in this group are State-owned toll bridges. The seismic safety retrofit program has been a major endeavor for both Caltrans and the Business Transportation and Housing Agency. As of June 30, 2000, all 1,039 Phase I bridges and all but 30 of the 1,155 Phase II bridges were fully retrofitted, leaving 10 Phase II bridges under construction and 20 others nearing construction. Retrofitting of State-owned toll bridges is either underway or expected to begin within the coming year, with the exception of the new replacement of the eastern span of the San Francisco-Oakland Bay Bridge. In all, the estimated combined cost for the Phase I, Phase II, and the toll bridge seismic retrofit of State highway structures comes to **$5.1 billion**. Nearly $1 billion more will be required to retrofit locally-owned bridges off the State's highway system.

Toll Bridge Seismic Retrofit

Funding Sources - With the enactment of Senate Bill 60 (Chapter 327, 1997), the Toll Bridge seismic retrofit effort was recognized as both a State and a regional priority and responsibility. SB 60 established the State's share of funding for the Toll Bridge retrofit effort at $1.665 billion: $790 million from Proposition 192 (a $2 billion bond measure for seismic retrofitting, passed by voters in 1996) and $875 million from the State Highway Account and the Public Transportation Account. The regional share was established at $875 million funded from a $1 toll increase on the Bay Area toll bridges. This amount may increase, depending on the design selected for the replacement of the east span of the San Francisco-Oakland Bay Bridge or any amenities requested by the Bay Area. The $790 million in Proposition 192 funds has now been fully allocated by the California Transportation Commission (Commission).

Estimated Costs and Schedules – The total estimated cost of the Toll Bridge Retrofit Program is $2.62 billion. The new eastern span of the San Francisco-Oakland Bay Bridge is estimated to cost $1.29 billion; another 20 projects to retrofit the western span of the Bay Bridge and six other State-owned toll bridges will cost $1.33 billion. Caltrans currently expects to complete retrofit of the Bay Bridge west span and its approaches by the spring of 2007 and the new eastern span by the fall of 2005. The seismic retrofit of the remaining toll bridges is currently scheduled for completion between the winter of 2000 and the spring of 2005.

The construction schedule for the new eastern span of the San Francisco-Oakland Bay Bridge has been in question, although events at the end of 2000 have proved hopeful. As owner of Yerba Buena Island, the U.S. Navy has had standing to approve development there. The Navy expressed its wishes to protect the island's historic buildings as well as the City of San Francisco's island reuse plan. San Francisco officials questioned the safety of Caltrans' preferred design and alignment for the eastern span and their impact on the island reuse plan. Following three invitations to the U.S. Navy, Navy Assistant General Counsel John Turnquist appeared at the Commission's May 2000 meeting, where Commission members urged the Navy to place public safety and welfare ahead of process and allow the project to move ahead.

In the meantime, Federal Highway Administration (FHWA) commissioned yet another study of the Bay Bridge, the fourth and hopefully final one: this a study by the U.S. Army Corps of Engineers to determine the relative safety of the proposed new span versus retrofitting the existing span. On September 22, 2000, in an "Interim Final Report," the U.S. Army Corps of Engineers concluded, "…a replacement alternative is the path that most quickly resolves the exposure of the public to the seismic vulnerability of the existing structure." Then, on October 10, 2000, U.S. Secretary of Transportation Rodney E. Slater announced that the U. S. Department of Transportation would use its authority to transfer to California land needed for building the new eastern span of the San Francisco-Oakland Bay Bridge. On October 27, 2000, the U.S. Army Corps of Engineers released its "Final Report" and indicated, "It is the COE (Corps of Engineers) Team's opinion that Caltrans' design team is highly qualified, using state-of-the-art design methods and is moving along a path to design a bridge that meets the seismic performance criteria." Hopefully, this will bring to an end any and all notions that a replacement strategy for the east span of the San Francisco-Oakland Bay Bridge is not necessary or is unsafe.

Another bridge that has undergone schedule changes is the Richmond-San Rafael Bridge. In January and February 1998 the Commission allocated over $300 million to retrofit the substructure and superstructure of the Richmond-San Rafael Bridge. Caltrans canceled the advertisement of the projects due to concerns expressed by representatives of the construction industry regarding potential conflicts from executing two large concurrent construction contracts at the same location. After analyzing this situation, Caltrans determined it would be effective to combine the two contracts. The industry assured Caltrans that adequate bid competition would be achieved with the use of joint ventures. In December 1998, the Commission approved an eight-month time extension to award the contract by September 1999. Caltrans re-advertised the combined project in August 1999, following a second extension granted by the Commission in July 1999. The project bid opening was suspended again while Caltrans federalized the project and provided additional specifications. A third extension was approved by the Commission in March 2000. Bids were finally opened in August 2000 and Caltrans reviewed the bids, which came in about $120 million over the engineer's estimate and awarded the project on October 6, 2000, using funds under the control of the Metropolitan Transportation Commission (MTC) to cover the additional cost over the Commission's original allocation. Caltrans reported at the November 2000 Commission meeting that it expects the Richmond-San Rafael Bridge retrofit construction to be completed in 2004.

Status of State-Owned Non-Toll Structures

Prior to the January 1994 Northridge earthquake, an estimated 1,039 single and multi-column support type non-toll bridges were known to need retrofitting. These 1,039 bridges were defined as Phase I of the State's Seismic Retrofit Program. Subsequent to the Northridge earthquake, an additional 1,364 bridges were identified as requiring further review to determine if they required retrofitting; of those, 1,155 bridges were identified as needing retrofit and have become known as Phase II.

Phase I – In early 1994, Caltrans established a goal to complete construction on all Phase I projects by December 31, 1995. While this goal was not attained, Caltrans made a very good effort by completing construction on 988 bridges by that date (95% of the goal). As of June 30, 2000, construction was complete on all of the 1039 Phase I bridges. The total construction cost for Phase I is expected to be $850 million - $100 million more than the originally estimated $750 million. Support costs are expected to total an additional $270 million, for an overall cost for Phase I of $1.12 billion.

Phase II – Caltrans' goal for Phase II was to have all design plans prepared by June 30, 1996, all contracts awarded by December 31, 1996, and all construction completed by December 31, 1997. As of June 30, 1996, plans were prepared for 1,105 bridges (96% of the first goal); and, as of December 31, 1996, contracts were awarded on 1,022 bridges (88% of the second goal). As of June 30, 2000, construction was complete on 1,125 bridges (97.4% of the total 1,155 bridges). The current total estimated cost for Phase II is $1.35 billion.

Status of Locally-Owned Structures

In addition to the work necessary on State-owned bridges, 1,204 locally-owned bridges are being tracked through the Local Bridge Seismic Retrofit Program. The total cost of local bridge retrofit is **roughly estimated** at $840 million. Of this amount, $340 million has already been spent or obligated. The remaining $500 million is an estimate of what will be necessary to complete the total local retrofit. Because 338 (28%) of the 1,204 bridges are still in pre-strategy, 32 (3%) are in the structure retrofit design stage and 292 (24%) are structure design complete and in the hands of local agencies for roadway project development, the $500 million estimate is highly subject to change. Caltrans was designated lead agency for the seismic evaluation of publicly owned bridges throughout the State (State Highway Code Section 179.3(a)), except for the 322 bridges in Los Angeles and Santa Clara Counties.

Aggregate information for locally-owned bridges is not readily available because of the number of agencies involved. As a result, some volatility in local program statistics can be expected. That said, as of June 30, 2000, the status of the 1,204 locally-owned bridges is as follows:

- 338 local bridges are in the retrofit strategy development stage
- 32 local bridges are in structure retrofit design stage
- 292 local bridges completed structure retrofit design and are in the roadway design phase
- 131 local bridges are under construction
- 242 local bridges completed retrofit construction
- <u>169</u> local bridges retrofit not required

1,204 Total local bridges

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M. Federal Transportation Enhancements Activities (TEA) Program

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

M. Federal Transportation Enhancement Activities (TEA) Program

Close-out of the Original ISTEA-era (1992-1997) Enhancement Program

Congress, starting with the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, has required that at least 10% of federal Surface Transportation Program funds be spent on specified categories of enhancements. Over the six years of ISTEA from FFY 1992 through FFY 1997, the amount required to be spent for enhancements in California came to $210 million. ISTEA specified 10 categories of projects, since expanded to 12, which qualify as enhancements. These projects broadly fall into five groups: 1) pedestrian and bicycle facilities, 2) scenic beautification, 3) historic preservation and archeology, 4) wildlife corridors, and 5) non-point source water pollution control.

In the absence of corresponding State legislation, the California Transportation Commission (Commission) in 1993 added enhancement projects into the State Transportation Improvement Program (STIP). In those days, the STIP was a competitive program, with projects nominated by Caltrans and regional agencies and programmed by the Commission. With $210 million, the Commission programmed 402 enhancement projects in three rounds of programming in 1993, 1994 and 1996. Under federal law, the last remaining ISTEA funds from FFY 1997 expired on September 30, 2000, which meant that all enhancement projects programmed under ISTEA had to be delivered, ready for construction, for allocation of funds by the Commission by August 2000.

Project delivery has been a large challenge in this program. The various agencies building enhancement projects in California managed to use the whole $210 million by August 2000, but barely. Of the original 402 projects, 355 (88%) were eventually delivered, along with 21 more substitute projects amended into the program to replace ones that were not delivered, using a total of $193 million. The Commission reprogrammed the remaining unused $17 million to other enhancement projects from the post-ISTEA era, and enough of those were delivered quickly to use up the remaining funds by August 2000. The following chart shows a final accounting of the ISTEA-era federal enhancements program as of December 2000:

	CTC Programmed		CTC Allocated	
$ In Millions	**Projects**	**Cost**	**Projects**	**Cost**
Prior Projects Converted to TEA	14	$7	6	$3
Round 1--August 1993	115	$58	100	$53
Round 2--July 1994	186	$103	172	$92
Round 3--September 1996	87	$42	77	$36
Total	**402**	**$210**	355	$184
Substitute Projects Delivered			21	$9
Total Delivery			**376**	**$193**
Projects Not Delivered	47	$17		

Lessons Learned from the Original ISTEA-era Enhancements Program

The Commission learned several lessons from its experience with ISTEA-era enhancement projects:

- Enhancement projects are too different to fit well in the STIP, or any other State program. The projects are much smaller, non-transportation agencies build many of them, matching fund commitments are different, and STIP approvals, milestones, and deadlines do not fit. In the beginning, transportation agencies resisted enhancement projects altogether, preferring to spend funds on transportation instead. The Commission, with transportation rather than enhancement expertise, added more anxiety than value during competitive STIP programming. The Commission's statewide perspective tangled with regional priorities for what were essentially localized projects. The open STIP competition itself was unfair among categories of enhancement projects: large scenic acquisition projects, typically costing more than $1 million, out-muscled small bicycle, landscaping and historic restoration projects typically costing about $300,000.

- Opportunities for the best investment of enhancement funds were lost for lack of planning. State and federal statutes require transportation projects to be included in a transportation plan before being added to the STIP; but no such requirement applies to enhancement projects. In fact, for most categories of enhancements, the State and regions have no plans at all. The enhancements program did build many good projects, even some exceptional ones, but programming was ad hoc, considering only those projects that happened to be around seeking funding at the time a programming round was held. State resources agencies have been particularly prone to this practice. One example should suffice: the Commission funded a number of restorations of local historic houses, no doubt popular and valuable on a local scale, but did not manage to invest any enhancement funds in California's missions, comprising some of California's most important historic properties, which recent news reports have indicated need significant amounts of funding for repairs and seismic strengthening.

- Too many enhancement projects ended up underfunded with small, localized sponsoring agencies unable to make up the shortfall. State statutes require all transportation projects going into the STIP to have a project study report to define scope, cost, and schedule. This requirement did not apply to enhancements projects, and even if it did, many of the small, localized sponsoring agencies would have had a very difficult time meeting it. The fact that the STIP was a competitive program tended to lead sponsoring agencies to underestimate project costs, to squeeze an inexpensive project into the program. The Commission and Caltrans had few good benchmarks to assess whether enhancement project costs were realistic having little experience with enhancement-type projects. In the end, many sponsoring agencies were unable to complete funding and deliver enhancement projects, or were delayed several years while coming up with the additional money.

- The delivery process required for STIP projects was too bureaucratic and daunting. The STIP process was set up for transportation projects, and neither Federal Highway Administration or Caltrans was able readily to adapt it to enhancement projects, which include features such as volunteer labor, right-of-way purchases at well below market value, no engineering, and items to which federal and state highway standards simply do not apply. Many sponsoring agencies were not transportation agencies did not know the STIP process ahead of time, were not tapped into Caltrans' regular communications channels, and were left adrift when Caltrans in 1995 cut back its local assistance staffing. In fact, the most significant boost to enhancement project delivery came when FHWA (Federal Highway Administration) allowed certain projects to be de-federalized and used as match for other larger projects that would use 100% federal funds; project sponsors readily and quickly delivered the de-federalized projects in nearly all cases. Program-wide, however, sluggish delivery barely kept ahead of expiring federal funds.

- The State accrued minimal benefit and credit from the enhancements program. The program has turned out to be enormously popular at the regional and local level and with the public. However, neither Caltrans nor the Commission embraced the program during the ISTEA era, and were often seen more as obstacles than as partners by the sponsoring agencies. FHWA and Caltrans, with the Commission's encouragement, eventually took steps to simplify the STIP process for enhancement projects and offered outreach and assistance to sponsoring agencies. Nevertheless, the State's previous limited attention has not built the foundation for trust needed for the Commission and Caltrans to administer the program effectively.

The New TEA-21/SB 45-era (1998-2003) Enhancements Program

The Legislature reformed the STIP with SB 45 in 1997. Regional agencies became responsible for programming 75% of STIP funds, with the Commission programming the remaining 25% State share and focusing on program delivery. Congress in 1998 extended the enhancements program under TEA-21, making few changes. In response, the Commission in 1998 redesigned the way the State handled the enhancements program. The Commission's new program design was modeled on SB 45 but removed enhancements from the STIP altogether:

- 75% of federal enhancement funds were divided into regional shares, administered as direct local assistance to regional agencies,
- 25% of enhancement funds were held as a State share and divided three ways
  - about 40% of the State share went to Caltrans for programming for its own projects,
  - about 40% went to a competitive program for projects of broad statewide interest, and
  - the remainder was reserved for Conservation Lands, for large scenic acquisitions of statewide importance, to get this category of heavyweight project separated from the smaller projects in other categories;
  - any program savings or additional funds that came to the State share would be added to Conservation Lands until it reached par with the other two parts of the State program.

Under TEA-21, California is slated to receive $363 million in federal enhancement funds from FFY 1998 through FFY 2003--a substantial increase from the $210 million authorized under ISTEA in 1991. Under the new program design, regional shares got $272 million and the state share got $91 million, with $40 million for Caltrans, $40 million for statewide enhancements, and $11 million as a starting point for Conservation Lands.

The State share has since received an additional $44 million from three sources: $17 million from ISTEA-era enhancement projects not delivered, $21 million in net savings from ISTEA-era enhancement projects being built at less than estimated cost, and $6 million from small rural counties with no enhancement projects that exchange enhancement funds back to the state. The Commission added an additional $41 million to Conservation Lands, thus extending that part of the State program to $52 million. The Commission also changed its new program design in 2000 to allow further savings to go to any of the three parts of the state share, not solely to Conservation Lands. As of December 2000, $3 million in savings has been accrued, waiting for the Commission to assign it to one part of the State program or another.

The following chart shows the current status of the TEA-21/SB 45-era enhancements program:

	Programmed		**Delivered & Funded**	
$ in millions	**Projects**	**Cost**	**Projects**	**Cost**
Regional Shares	325	$225	41	$20
Caltrans' Share	47	$32	3	$2
Statewide Enhancements	18	$13	3	$3
Conservation Lands	25	$52	17	$38

Various regions have $41 million remaining to be programmed, and ten small rural counties have exchanged $6 million of their enhancements funds back to the State. Caltrans has $9 million left unprogrammed, which it intends to use on an ad hoc basis for its own projects over the next two years. The statewide enhancements program has $27 million remaining, designated for a round of programming in Fall 2001. Conservation Lands has been fully programmed, and the Commission expects no more programming there.

Unfortunately, with one notable exception, enhancement project delivery has not picked up during the TEA-21/SB 45-era. Conservation Lands has produced the one shining star of project delivery for enhancements. Conservation lands projects have advantages: they require only a negotiated sale, a property appraisal, and an escrow period with a willing seller. With speedy delivery of projects averaging more than $2 million each, the Conservation Lands' projects have allowed California to stay ahead of expiration of federal funds, given the lagging delivery in the rest of the program.

Looking Forward Through the End of TEA-21

From this point forward the ability to keep ahead of expiring federal enhancements funds rests largely in the hands of projects programmed in the regional shares. About $60 million in federal enhancements funds are due to expire at the end September 2001, with an additional $65 million per year at risk in succeeding years. So far, the project delivery record from the regional programs has been spotty.

Part of the problem lies with the agencies handling transportation programs. In general, enhancement projects have been a poor fit within State transportation programs. If Caltrans and FHWA, specifically for enhancement projects, could waive or loosen transportation program requirements, many of which are not germane for enhancement projects in any case, project delivery would benefit significantly. However, this is not as simple as it might seem. For example, bicycle projects are built both through enhancements and regular transportation programs; it becomes tricky to justify waiving requirements for one project and not another. In fact, FHWA has, in the last couple of years, become relatively receptive toward streamlining the program, and waived some of its normal federal highway requirements (but not federal environmental requirements) for enhancement projects. Caltrans is working on streamlining its local assistance project procedures, but results are probably a year or more away, and may prove only marginally helpful for enhancement projects. As long as enhancements projects continue to be handled as if they were transportation projects, Caltrans or regional agencies should consider providing proactively extra technical assistance to sponsoring agencies, beyond the normal standard.

Another part of the problem lies with the agencies programming and building enhancement projects. Many have proven not to be sufficiently ready to deal with the rigors of federal funding. A different program other than federal enhancements would have been a more appropriate source of funding for many of them. Far too many projects have been brought forward ad hoc, because they happened to be looking for funding at the moment. Thus, the best mix of projects may neither be nominated nor programmed. All transportation projects must come forward in an orderly and considered manner from a regional or state transportation plan, seeking to achieve defined overall objectives. The Commission suggests that both regions and Caltrans be required to develop resources/enhancements plans to form a reservoir of projects for the program, an end which may be achievable through amendment to guidelines for regional transportation plans and the enhancement program.

Yet another, perhaps preferable, solution could involve Legislation. The Legislature could set up a separate State enhancements program, with intent for the Commission to design tailor-made, streamlined procedures and a requirement that projects be planned to meet defined transportation and environmental/resources objectives. This approach would circumvent the awkward fit between enhancement projects and procedures appropriate for transportation programs but should recognize two realities. First, FHWA will require Caltrans to administer the program and final decision-making to rest with transportation agencies, not resources agencies, since the funds come from a federal transportation program. Second, enhancement funds are federal funds; the State cannot design a streamlined state program in isolation, and state agencies will have to work with FHWA to ensure that basic federal oversight responsibilities can be satisfied.

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N. FY 2000-2001 Environmental Enhancement and Mitigation (EEM) Program

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

N. FY 2000-01 Environmental Enhancement and Mitigation (EE&M) Program

Background

Streets and Highways Code, Section 164.56 establishes the Environmental Enhancement and Mitigation (EE&M) Program, as a $10 million annual program to fund environmental enhancement and mitigation projects directly or indirectly related to transportation projects. EE&M projects must fall within any one of three categories: highway landscape and urban forestry; resource lands; and roadside recreation. Projects funded under this program must provide environmental enhancement and mitigation over and above that otherwise called for under the California Environmental Quality Act (CEQA).

The statute mandates the State Resources Agency to evaluate projects submitted for this program and the California Transportation Commission (Commission) to award grants to fund projects recommended by the Resources Agency. Any local, State or federal agency or nonprofit entity may apply for and receive grants. The agency or entity is not required to be a transportation or highway related organization but must be able to demonstrate adequate charter or enabling authority to carry out the type of project proposed. Two or more entities may participate in a joint project with one designated as the lead agency. The Resources Agency has adopted specific procedures and project evaluation criteria for assigning quantitative prioritization scores to individual projects. In funding the program, an attempt is made to maintain a 40/60 North/South split.

Through the first ten years of the EE&M Program (including the most recent annual programming cycle for FY 2000-01, adopted by the Commission in July 2000), a total of 452 projects have been programmed at a total cost of $100.4 million. Approximately 38% of these projects were highway landscape and urban forestry, 34% were resource lands, and 27% were roadside recreation.

Under the original 1989 Transportation Blueprint Legislation, the EE&M Program was to sunset after FY 2000-01. However, in 1999, SB 117 (Murray) was signed into law eliminating the program's ten-year sunset.

FY 2000-01 EE&M Program

For FY 2000-01, the Resources Agency evaluated 150 projects seeking a combined total of over $33 million in State funding. From this list of projects, the Agency recommended to the Commission 87 projects with a total cost of over $19 million in State funding. The Commission programmed 44 of those projects, totaling $10 million -- the amount included in the FY 2000-01 budget for the program. In deciding which projects to program, the Commission considered the Resources Agency's prioritization scores, project costs, project deliverability, and the linkage of the enhancement project to a transportation project. The 44 projects programmed for FY 2000-01 were as follows:

	No. of Projects	Grants
Highway Landscape and Urban Forestry	12 projects (27%)	$1,770,355 (18%)
Resource Lands	15 projects (34%)	$4,329,365 (43%)
Roadside Recreation	17 projects (39%)	$3,900,280 (39%)
TOTAL	44 projects (100%)	$10,000,000 (100%)

Taken together with projects previously programmed in the first nine years of the program, the EE&M Program between FY 1991-92 and FY 2000-01 has made commitments to a total of 452 projects as follows:

	No. of Projects	Grants
Highway Landscape and Urban Forestry	174 projects (38%)	$30,090,870 (30%)
Resource Lands	155 projects (34%)	$43,632,629 (43%)
Roadside Recreation	123 projects (27%)	$26,707,501 (27%)
TOTAL	452 projects (100%)[2]	$100,431,000 (100%)[1]

[1]The extra $431,000 in programming capacity was generated from savings in previous years of the program.

[2]Does not add to 100% due to rounding.

ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM
FISCAL YEAR 2000-01

NORTHERN PROJECTS

APPLICANT	PROJECT	FUNDING
DEPT OF FISH AND GAME	VISITOR CENTER	250,000
DEPT OF PARKS AND RECREATION	HOYT'S CROSSING TRAIL	227,930
STONE LAKES NAT'L WILD REFUGE	ACQUISITION OF TWO PROPERTIES	262,000
WILDLIFE CONSERVATION BOARD	SPANO RIVER RANCH	500,000
DEPT OF PARKS AND RECREATION	BIG SUR SCENIC HWY REC & HABITAT ENHANCEMENT	250,000
CITY OF FOLSOM	HUMBUG-WILLOW CREEK/LAKE NATOMA TRAIL CONNECTION	245,350
SOLANO TRANS AUTHORITY	SOLANO BIKEWAY	250,000
CITY OF DAVIS	I-80 DAVIS/CAUSEWAY ENVIRONMENTAL ENHANCEMENT	190,000
CITY OF SAN JOSE	SAN TOMAS AQUINO/SARATOGA CREEK TRAIL, REACH 6	250,000
TUOLUMNE COUNTY LAND TRUST	ANDREW CREEK/TABLE MOUNTAIN ACQUISITION	248,500
THE TRUST FOR PUBLIC LAND	VARIAN RANCH ACQUISITION	500,000
THE NATURE CONSERVANCY	LASSEN FOOTHILLS-FOOR RANCH EASEMENT ACQUISITION	400,000
CITY OF MONTEREY	WINDOW ON THE BAY MONTEREY BAY PARK PH III	170,000
MUIR HERITAGE LAND TRUST	GUSTIN PROPERTY ACQUISITION	250,000
	TOTAL	**3,993,780**

SOUTHERN PROJECTS

APPLICANT	PROJECT	FUNDING
WILDLIFE CONSERVATION BOARD	MORRO PALISADES ACQUISITION	500,000
ORANGE COUNTY	LAUREL CANYON STAGING AREA	250,000
THE BACK COUNTRY LAND TRUST	WRIGHT'S FIELD ACQUISITION, PHASE II	500,000
CITY OF SOUTH GATE	SOUTH GATE REFORESTATION	165,951
MOUNTAINS REC & CONSERV AUTH	CORRAL CANYON COASTAL TRAIL AND TRAILHEAD	145,000
NORTH EAST TREES	LOS ANGELES RIVER/ARROYO SECO MINIPARKS	250,000
IRON MOUNTAIN CONSERVANCY	IRON MOUNTAIN RIDGE PRESERVATION	250,000
LOS ANGELES CONSERVATION CORPS	BIKEWAYS AND GREENWAYS	250,000
DEPT OF PARKS AND RECREATION	LOS PENASQUITOS MARSH NAT PRES WETLANDS PROTECT	140,585
MOUNTAINS REC & CONSERV AUTH	L.A. RIVER CENTER PARK & RIVER ACCESS PATHWAY	230,000
CITY OF PASADENA	NATURAL AREA REST. PARK & STREET TREE PLANTING	203,230
GREENSPACE - CAMBRIA LAND TRUST	STRAWBERRY CANYON ACQUISITION & RESTORATION	250,000
CALIFORNIA STATE UNIV FOUNDATION	THE GYMNOSPERM FOREST	37,040
VENTURA COUNTY	PIRU-CAMULOS RECREATION TRAIL	250,000
CITY OF LOS ANGELES	PLANTING HEALTHY SCHOOL ROUTES	250,000
HOLLYWOOD BEAUTIFICATION TEAM	CULTIVATING COMMUNITIES	178,155
SAN DIEGO COUNTY	SAN DIEGUITO RIVER/LUSARDI CREEK ACQUISITION	250,000
TREE PEOPLE	EXPOSITION RIGHT OF WAY GREENWAY	89,626
CITY OF PISMO BEACH	PISMO ECOLOGICAL PRESERVE SUPPORT FACILITY ACQ	250,000
COMM SERV & EMPLOYMENT TRNG	ROUTE 198/99 OAK TREE REFORESTATION	90,080
SANTA BARBARA COUNTY	CATHEDRAL OAKS CLASS I BICYCLE PATH	250,000
CITY OF POWAY	BLUE SKY ECOL RESERVE - PAVED PUBLIC PARKING LOT	250,000
TOWN OF MAMMOTH LAKES	VISITOR CENTER CONNECTOR PATHS	132,000
CITY OF SANTA CLARITA	GATEWAY BEAUTIFICATION	237,353
CITY OF DELANO	LANDSCAPING MIT/ENH CNTY LINE RD - 99 INTCHNG	51,400
CITY OF PARAMOUNT	RALPH C. DILLS PARK EXPANSION ACQUISITION	250,000
THE NATURE SCHOOL	ROSE CREEK RESTORATION & NATURE EDUCATION PRES	239,495
CITY OF SAN DIEGO	CARMEL VALLEY REST & ENH-EXOTIC PLANT REMOVAL	17,900
CITY OF IRVINE	CULVER DRIVE/MICHELSON DRIVE LANDSCAPING	27,520
CACHUMA OPERATION & MAINT BD.	FISH PASSAGE ENH TO SH 1 BRIDGE: SALSIPUEDES CREEK	20,885
	TOTAL	**6,006,220**

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O. Retrofit Soundwall Program

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

O. <u>Retrofit Soundwall Program</u>

For the past three decades, it has been an established practice that part of the cost of constructing or widening a freeway is the mitigation of that freeway's effects upon the surrounding environment and community, including attenuation barriers, or soundwalls. However, a profound inequity is found in those residential neighborhoods where freeways were built before such noise mitigation was required.

To address that inequity, the Legislature in the 1970's established the Retrofit Soundwall Program, authorizing construction of soundwalls in those areas where freeways without soundwalls were constructed adjacent to existing residential areas. For many Californians, the Retrofit Soundwall Program reestablished both the value and the quality of life of their homes that the freeway construction had compromised. But to many other Californians, that Program has proven to be only a hollow promise that someday the peaceful environment of their homes would be restored. Retrofit soundwalls thus tend to be concentrated in those areas where the freeway system was developed early. Senate Bill 45 (Chapter 622, 1997) repealed the Retrofit Soundwall Program from the 1989 Transportation Blueprint, but left in place other statutes that require Caltrans to maintain a retrofit soundwall priority list and nominate projects for the State Transportation Improvement Program (STIP) from the list; thus statutory intent and direction became ambiguous. In developing the 2000 STIP Fund Estimate, the Davis Administration proposed providing funding for the "remaining retrofit soundwall projects on the Caltrans May 3, 1989 list" through the Local Assistance component of the 2000 STIP Fund Estimate. Doing so was viewed as a matter of environmental equity, providing to all qualifying residents the protections provided to only some.

In a 1999 letter to the Commission's then-Chairman, Edward Sylvester, Business, Transportation and Housing Agency Secretary Maria Contreras-Sweet outlined the Davis Administration's position; "The State has a responsibility, as owner and operator of California's freeway system, to maintain and repair that system and operate it in a safe manner; under statute, funding for that responsibility is not dependent on the relative priority assigned by any given regional agency or county commission. That responsibility falls to the State and is funded "off the top". So, too, should the cost of mitigating freeway noise impacts on surrounding residential neighborhoods—impacts that should have been mitigated when the freeway was initially built or, for newer freeways, have been mitigated as a basic component cost of the new facility. For all of these reasons, Governor Davis and I are calling for the completion of the too-long-delayed Retrofit Soundwall Program."

<u>Status of Statutes</u> - Streets & Highways Code Section 215.5 (dating from 1978) requires Caltrans to define criteria by which to determine statewide priorities for retrofit soundwalls and to maintain a statewide priority list of eligible projects. Caltrans must consider retrofit soundwalls for locations where current freeway noise levels exceed noise standards and where the freeway location was originally approved after adjacent residential development had already been built. Nearly all retrofit soundwall locations are found alongside freeways built before

1974, since after that date, soundwalls have been routinely included in freeway construction where noise levels warrant them. Under statute, Caltrans must propose retrofit soundwall projects for the STIP in priority order, and may delete locations from the list where it determines that a soundwall would not turn out to be a cost-effective solution.

Streets & Highways Code Section 164(d), from the Transportation Blueprint of 1989, set up a Retrofit Soundwall Program within the STIP, to be funded at $150 million over ten years. Unlike other parts of the Transportation Blueprint, this statute section expressed "the intent of the Legislature that this amount, together with the soundwall projects funded in the 1988 State Transportation Improvement Program, will complete all retrofit soundwalls on the priority list established on May 3, 1989, pursuant to section 215.5." SB 45 (1997) repealed this section of statute. Further, SB 45 specified retrofit soundwalls as one type of project eligible for the Regional Improvement Program, but not for the Interregional Improvement Program, thus apparently leaving Caltrans no way to propose retrofit soundwalls in priority order from its list for programming in the STIP.

As a result, SB 45 left in place the statutory definition of the Retrofit Soundwall Program, the requirement for Caltrans to maintain a priority list, and authority (from 1991 legislation) for a local agency to pay 33% or more of the cost of a retrofit soundwall and have that particular soundwall moved to the top of Caltrans' priority list, and be added to the STIP ahead of other soundwalls further down. But the funding program for retrofit soundwalls was repealed.

Thus, SB 45 has yielded ambiguous direction concerning retrofit soundwalls. On the one hand, Caltrans is required to evaluate priorities and keep a list and propose projects in priority order; but on the other hand, the program through which Caltrans can propose retrofit soundwall projects has been repealed. The Legislative intent from the Transportation Blueprint has also been repealed, yet neither the ten-year funding target nor completion of all retrofit soundwalls on the May 3, 1989, priority list have been achieved through STIPs adopted according to Transportation Blueprint statutes. Some regional agencies regard the Retrofit Soundwall Program and its intent as a Transportation Blueprint prior commitment to be grandfathered into the STIP. Others argue that SB 45 somehow shifted the burden for honoring this decades-old commitment from the State to the individual county or regional agency, to be funded from within that county's share of the STIP, at the expense of other transportation investments within that county. It is noted that those that have advanced that argument have little concern for retrofit soundwalls, either because their older freeways have already been retrofitted or their newer freeways were initially and properly mitigated; and in almost every instance, those soundwalls were funded over and above the impacted county's statutory minimum.

In December 1997 the Commission asked the Legislature for direction concerning the future course of state investment in retrofit soundwalls. The Commission advised that the previous statewide program commitment be fulfilled using the Caltrans May 3, 1989, list to define the commitment, within a specified time period for completion, with the Legislature designating funding "off the top" outside the STIP, and with Caltrans being able to delete projects from the list that are found not to be cost effective.

The Legislature responded by passing Assembly Bill 1686 (Wildman, 1998), which proposed that retrofit soundwalls be funded “off the top.” Governor Wilson vetoed the legislation and indicated in his veto statement that in signing SB 45, it was intended that retrofit soundwalls be a regional responsibility.

With the change in administrations as a result of the 1998 elections, the new Davis Administration proposed providing funding for the “remaining retrofit soundwall projects on the Caltrans May 3, 1989 list” through the Local Assistance component of the Fund Estimate. The Commission adopted the 2000 STIP Fund Estimate at its August 1999 meeting with the remaining May 3, 1989, retrofit soundwalls projects funded “off the top” through the Local Assistance element.

At the Commission’s July 2000 meeting, Caltrans requested a $226,000,000 allocation for the 63 retrofit soundwalls remaining on its May 3, 1989, list referenced in the 1989 Transportation Blueprint legislation. The Commission granted the allocation and authorized Caltrans to reimburse local agencies for the projects once they are completed. The Commission also asked Caltrans for a year-end report on how many retrofit soundwall projects actually went to construction in FY 2000-2001 and how many remain. Caltrans committed to report regularly on the progress of implementing the 63 retrofit soundwalls funded with the July 2000 allocation.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

P. Proposition 116 - Program Implementation

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

P. Proposition 116 Programs Implementation

Overview

In June 1990 the voters approved Proposition 116, the Clean Air and Transportation Improvement Act (CATIA), which provides $1.99 billion in general obligation bond funds principally for rail development throughout California. The intent of the CATIA programs is to reduce traffic congestion and air pollution and provide better transportation options for all Californians through feasible, cost-effective capital projects. CATIA designated the California Transportation Commission (Commission) to oversee the following six components:

• Rail	$1.852 billion
• Non-urban County Transit	$ 73 million
• Waterborne Ferry	$ 30 million
• Competitive Bicycle	$ 20 million
• State Rail Museum	$ 5 million
• Commission/Caltrans Admin.	$ 10 million
	$1.990 billion

Through December 2000 the Commission has approved 479 individual applications totaling $1.79 billion for all CATIA programs, which represents 90% of the total $1.99 billion, authorized for expenditure. Of the $1.79 billion in approved applications:

- $1.66 billion was for rail projects,
- $73 million was for non-urban county transit,
- $30 million was for waterborne ferry projects,
- $20 million was for the competitive bicycle program, and
- $10 million was for State administrative costs.

Of the $197 million in remaining Proposition 116 funds, $192 million is authorized for rail projects and $5 million is authorized for the Department of Park and Recreation's rail technology museum. All authorized funds for the non-urban county transit, waterborne ferry and competitive bicycle programs have been programmed, as well as the authorized funds for State administrative costs, which have been programmed and budgeted.

Rail Program

CATIA's Rail Program consists of $1.852 billion for rail development throughout California. The Commission has approved applications for 112 rail projects totaling about $1.66 billion of the $1.85 billion authorized under CATIA; $192 million remains available to Caltrans and to five local jurisdictions (Marin, Monterey, Santa Cruz, and Sonoma Counties and the City of Irvine) for approval. Of the remaining $192 million, $121 million (63%) is authorized for the City of Irvine (Orange County), $16 million (8%) is authorized for Caltrans for intercity rail projects, $28 million (15%) is authorized for Marin and Sonoma, $17 million (8%) is authorized for Monterey, and $11 million (6%) is authorized for Santa Cruz. Exhibits 1 and 2, based on an October 2000 survey of designated applicants, show that $9,571,890 of the $192 million will be applied for during the current fiscal year (FY 2000-01), $39,114,910 will be applied for in FY 2002-03 while the remaining $133.3 million will be sought after FY 2002-03.

EXHIBIT 1
OCTOBER 2000 SURVEY
OF ANTICIPATED RAIL PROGRAM APPLICATION SUBMITTALS
FROM AGENCIES THAT HAVE PREVIOUSLY APPLIED FOR A PORTION OF THEIR DESIGNATED PROPOSITION 116 FUNDS

Agency	Remaining Available Funds	Amount to be Requested by 7/1/01	Amount to be Requested in FY 2001/02	Amount to be Requested after FY 2002/03
Caltrans - *San Joaquin and Capitol Corridor*	$15,836,800*	$7,721,890	$7,114,910	*$1,000,000
City Of Irvine	$120,600,000	$1,850,000	$0	$118,750,000
Monterey	$16,550,000	$0	$3,000,000	$13,550,000
TOTAL	**$152,986,800**	**$9,571,890**	**$10,114,910**	**$133,300,000**

*$1 million no longer needed for rail right-of-way inventory designated in Proposition 116.

Marin, Sonoma and Santa Cruz have yet to submit any applications for the use of funds designated in CATIA. Exhibit 2 portrays the agencies and the proposed schedule by which they plan to obtain funding for their projects.

EXHIBIT 2
OCTOBER 2000 SURVEY
OF ANTICIPATED RAIL PROGRAM APPLICATION SUBMITTALS
FROM AGENCIES THAT HAVE NOT APPLIED FOR ANY PROP 116 FUNDS

Agency	Available Funds	Amount to be Requested by 7/1/01	Amount to be Requested in FY 2002/03	Amount to be Requested after FY 2002/03
Sonoma County	$17,000,000	$0	$17,000,000	$0
Marin County	$11,000,000	$0	$11,000,000	$0
Santa Cruz County	$11,000,000	$0	$11,000,000	$0
TOTAL	**$39,000,000**	**$0**	**$39,000,000**	**$0**

Along with the remaining $192 million available for application, another $36.6 million in approved funds remain unallocated. Exhibit 3, below, portrays the agencies that have successfully applied for funding but have not yet sought allocations for part or all of the funds and the proposed schedule by which they plan to request an allocation for their projects.

EXHIBIT 3
OCTOBER 2000 SURVEY OF ANTICIPATED RAIL PROGRAM ALLOCATION SUBMITTALS FROM AGENCIES THAT HAVE APPROVED FUNDS

Agency	Available Funds	Amount to be Requested by 7/1/01	Amount to be Requested in FY 2001/02	Amount to be Requested after FY 2002/03
Caltrans – Alameda Corridor	$17,100,000	$17,100,000	$0	$0
Sacramento RTD – Light Rail Extensions	$10,000,000	$10,000,000	$0	$0
North San Diego TDB – Oceanside-San Diego	$5,714,376	$5,714,376	$0	$0
City of South Lake Tahoe – Park Ave., Intermodal	$3,736,000	$3,736,000	$0	$0
TOTAL	**$36,550,376**	**$36,550,376**	**$0**	**$0**

<u>Non-Urban County Transit Program</u>

CATIA's Non-Urban County Transit Program consists of $73 million earmarked for California's 28 non-urban counties, divided among those counties based on population. The Commission has approved applications for 271 non-urban transit projects in these 28 counties, thus programming the entire $73 million authorized for the Non-Urban Program. The Commission has allocated just over $72 million or about 99% of the total. The remaining $715,589 should be allocated later in the current fiscal year (FY 2000-01) as shown on Exhibit 4.

EXHIBIT 4
OCTOBER 2000 SURVEY OF ANTICIPATED NON-URBAN COUNTY TRANSIT PROGRAM ALLOCATION SUBMITTALS

County	Programmed Amount	Programming Date	Project Type of Remaining Funds	Remaining Balance	Expected Allocation Date
Alpine	$51,886	2/24/93	Transit	$51,886	June 2001
Napa	$5,163,071	4/2/97	Transit	$146,787	March 2001
Nevada	$3,659,574	12/10/97	Bicycle/Transit	$1,501	March 2001
San Benito	$1,710,552	5/1/97	Transit	$75,711	May 2001
San Luis Obispo	$10,122,538	1/29/97	Bicycle	$92,592	Spring 2001
Tehama	$2,313,162	6/3/93	Transit	$332,112	June 2001
Trinity	$608,903	11/16/93	Transit	$15,000	Spring 2001
TOTAL	**$23,629,686**			**$715,589**	

Waterborne Ferry Program

CATIA's Waterborne Ferry Program consists of two elements: a $20 million competitive program and a $10 million program solely for the City of Vallejo. The Commission has approved applications for 15 ferry projects during the FY 1991-92 and FY 1992-93 competitive funding cycles, committing the entire $20 million authorized under the Competitive Ferry Program. Of the $20 million approved, all but $710,000 has been allocated. The $710,000 was originally approved for a dock replacement project in the Town of Tiburon. Tiburon, working with the Blue and Gold Fleet Company, was able to bring the existing dock up to Americans with Disabilities Act (ADA) standards without having to replace it. Consequently, the original dock replacement project is no longer necessary and Tiburon shifted the $710,000 to a landside dock improvement project, with an allocation request targeted later this fiscal year (FY 2000-01). The Commission has also approved and allocated the entire $10 million earmarked for the City of Vallejo for ferry vessel acquisitions and docking and terminal improvements.

Bicycle Program

CATIA's Bicycle Program consists of $20 million for bicycle projects to be programmed through a competitive application process. The Commission approved the entire $20 million for 66 bicycle projects in 25 counties during two funding cycles in FY 1991-92 and FY 1992-93. Seven more projects were selected and funded from the Commission’s priority standby list, and four more were shifted from the federal Transportation Enhancement Activities (TEA) Program and were funded as a result of cost savings and deletions. In all, 77 bicycle projects have been funded. (In 1998, the Commission decided to use freed-up Proposition 116 funds for bicycle projects from the TEA Program, rather than initiate a costly statewide competitive call-for-projects, given the relatively small sums of available Proposition 116 funds and the outdated standby list.)

State Railroad Technology Museum

CATIA includes $5 million for the California Department of Parks and Recreation (DPR) for construction of the California State Museum of Railroad Technology and specifies that the CATIA funds will be provided to DPR when sufficient funding for the entire project is available. DPR has stated its intent to submit a Proposition 116 application by the end of FY 2002-03. The California State Railroad Museum Foundation estimates the Museum of Railroad Technology will cost between $21 and $25 million. The project funding will come from CATIA ($5.0 million), potential Park Bond financing (from the $2.1 billion, Proposition 12 Safe Neighborhood, Parks, Clean Water, Clean Air, and Coastal Protection Bond Act approved by voters in March 2000), lease-revenue bonds issued by the State Public Works Board, potential TEA funds, and the balance of funds raised privately by the California State Railroad Museum Foundation.

Year 2000 Deadline

CATIA required that the Commission establish guidelines and execute the Proposition 116 grant program to assure that use of funds will lead to rail/transit service prior to July 1, 2000 (PUC Sec. 99684). The State has an interest in insuring the best use of available CATIA bond funds toward meeting public transportation needs and acknowledges that the public’s interest may be best met by reallocating idle funds to those projects that are ready for implementation.

If agencies fail to apply for and/or request allocation of the authorized funds by July 1, 2000, alternate projects could be accomplished through the following series of actions:

- **Agency Proposals for Alternate Projects** - In the Fall of 2000, as called for in its adopted guidelines, the Commission surveyed those agencies asking if they intended to substitute projects to replace their original project(s) designated in CATIA, if the funds remain unused or their project(s) proves to be infeasible. None of the agencies surveyed suggested substitute projects. Three agencies – Marin, Monterey, and Sonoma Counties – reported that they still intend to use the funding for the purposes described in Proposition 116. To date, these agencies still consider their projects to be viable.
- **Commission Recommendation to the Legislature** - The Commission may at anytime decide whether it considers the agencies' intended projects to be viable. If the Commission concludes those projects are not viable, the Commission may recommend to the Legislature alternate uses of the available Proposition 116 funds; any such recommendations would most likely be developed in association with the affected agencies. At the present time, the Commission does not offer any substitute projects.
- **Legislative Action** - The Legislature may any time after July 1, 2000, by a two-thirds vote of each house, reallocate unencumbered or unexpended funds to another rail transit project within the geographic jurisdiction of the agency specified in Proposition 116. If the Legislature does not act to make any changes, the funds remain available as designated in Proposition 116. Commencing July 1, 2010, the Legislature is authorized to reallocate any unencumbered or unexpended funds to another rail transit project anywhere in the State.

2000 Commission Activity

In 2000 the Commission programmed approximately $2 million in authorized CATIA funds for the rail program, allocated about $10 million and reprogrammed approximately $4 million. In the non-urban program, approximately $4 million in projects were reprogrammed to other eligible projects within the approved agencies' jurisdictions and over $3 million was allocated. The remaining funds in the bicycle program were programmed to an eligible Transportation Enhancement Activity (TEA) project and the Commission reprogrammed $710,000 to the City of Tiburon for a Landside Dock Improvement project. The Commission also negotiated with Caltrans for the remaining authorized funds for State administrative work, and these funds were put under contract to Caltrans in September 2000.

2000 ANNUAL REPORT TO LEGISLATURE

Volume II –Activity and Accomplishments

Q. Historic Houses in the Route 710 Freeway Right-of-Way in Los Angeles

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

Q. Historic Houses in the Route 710 Freeway Right-of-Way in Los Angeles

Caltrans, in the 1960's and 1970's bought about 500 properties, 90% of them single-family residences, toward building a ten-mile link of the Route 710 freeway through Pasadena, South Pasadena, and the El Sereno area of Los Angeles. These 500 properties represent about 1/3 of the total needed to provide right-of-way for the freeway. It turns out that 92 of the properties that Caltrans owns are significant historic properties, either listed on or eligible for the National Register of Historic Places. Additionally, more of the properties may be deemed historic by local entities, or become eligible for the National Register if they gain significance as time passes.

Caltrans maintains its properties and tries to rent them at market value except for a few that have become so dilapidated so as to be no longer rentable or worth repairing. Caltrans' management of its historic properties has become a challenging, burdensome, and costly responsibility, complicated by extraordinary requirements involving a clash among three areas of public policy: historic preservation, affordable housing, and State versus regional financial responsibility. The California Transportation Commission (the Commission), in 2000, stepped forward to bring these competing issues into focus and assert its stewardship role over State transportation funds.

The future use and disposition of the historic houses differs depending on whether Caltrans eventually builds the Route 710 freeway. Both federal and State law come into play because Caltrans will surely need federal funds to help cover the $1 billion-plus cost of the freeway. But, looking forward from today, the future of the Route 710 freeway is by no means certain.

The First Scenario: Caltrans Eventually Builds the Route 710 Freeway

Caltrans and the Southern California Association of Governments (SCAG) want to build the Route 710 freeway; the importance of closing the gap in Route 710 can easily be envisioned by taking a quick look at a map of the Greater Los Angeles freeway system. SCAG's Regional Transportation Plan calls for building the Route 710 freeway sometime after 2010. The projected air quality benefits from better traffic flow on the whole freeway system if Route 710 is completed, estimated at two tons per day, are already included in SCAG's air quality conformity projections for the South Coast Air Basin. To get there, Caltrans and the Los Angeles region must find funding, probably more than $1 billion, to pay for remaining right-of-way and freeway construction. Furthermore, Caltrans must overcome considerable community opposition to the freeway (a counterpoint to the freeway's considerable support from adjacent communities) and prevail in lawsuits that remain unsettled.

Caltrans' future path is relatively straightforward if it eventually builds the freeway. It will evict tenants, paying any required relocation assistance, and demolish or move and rehabilitate any houses needed to clear the right-of-way, selling those it moves at market value. It intends to preserve historic homes displaced by the project. Caltrans has done this in many places around the State over the years and should be able to do it here as well.

The Alternative Scenario: Caltrans Eventually Abandons the Route 710 Freeway

However, the possibility that Caltrans may not be able to complete the freeway remains in play. A billion dollars in funding is a significant challenge given other transportation funding priorities in Los Angeles and elsewhere. Selective community opposition, especially in South Pasadena (again, in counterpoint to community support for the project), and difficult lawsuits remain, and Caltrans may eventually come to decide that transportation and clean air benefits no longer outweigh community and financial costs and abandon the freeway.

On this future path, the management and ultimate disposition of Caltrans-owned properties becomes much more complicated as a number of other laws and requirements relating to surplus property and preservation of affordable housing stock and repayment of 40 years worth of local property taxes come to bear. Ironically, when it comes to historic properties, these laws may work at cross purposes forcing a compromise between historic preservation and affordable housing, or redefining financial responsibility for State transportation funds.

Present Status of Caltrans' Historic Properties

The 92 historic properties owned by Caltrans include many large, architect-quality, mansion-sized homes dating from the late 1800s. In taking care of these historic properties, Caltrans must satisfy legal requirements from eight sources, outlined on the facing page, in balance with judicious use of transportation resources.

Caltrans' 92 historic properties fall into four categories, depending on current state of repair and whether rented or vacant:

	Rehabilitated	Not Rehabilitated	Total
Rented/Occupied	28	39	67
Vacant	12	13	25
Total	40	52	**92**

Caltrans has spent $19 million to date rehabilitating 40 of these 92 historic properties. Caltrans contracts for property repair with the Department of General Services, which then subcontracts with a list of approved contractors skilled in historic housing repair. Caltrans and General Services arranged these properties into groups tackling those properties in most deteriorated condition first, to forestall "demolition by neglect," with consideration for units presently rented. General Services restored the first group of houses to prime historic authenticity at very high cost. Caltrans and General Services then shifted strategy and began rehabilitating the remaining houses to a habitable-for-rental condition under the Secretary of Interior's standards. The average cost for rehabilitation or repair to date has come to $400,000-$500,000 per unit.

Legal Requirements for Historic Property Management on Route 710

1. National Historic Preservation Act (1966, as amended), Sections 106 and 110(k) Department of Transportation Act of 1966, Section 4(f)--Section 106 requires federal agencies to avoid impacts

to historic properties. Section 4(f) precludes the use of federal highway funds on a project that negatively impacts historic resources unless no prudent and feasible alternative can be found. Section 110(k) requires federal agencies to prevent intentional or willful evasion of Section 106, such as by allowing "demolishment by neglect."

2. Federal Highway Administration's Record of Decision on the Route 710 freeway project under the National Environment Policy Act (NEPA)--Condition #7 requires Caltrans to properly maintain its structures until the freeway is constructed or those structures are disposed of.

3. Federal Court Order on Route 710, July 19, 1999--Condition #4 requires the State to keep all properties in good repair. Condition #6 requires Caltrans to get approval from the State Historic Preservation Officer for repair or modification to any historic property. Condition #7 requires Caltrans to report to the court and the plaintiffs on condition of historic properties, property maintenance, and progress with repair on a semi-annual basis.

4. Public Resources Code Section 15064.5—This State statute defines alteration of a historic resource as a significant effect to the environment. The impact can be mitigated to an insignificant level by rehabilitating properties to the Secretary of the Interior's Standards for the Treatment of Historic Properties. These standards allow for four courses of action: preservation (mothballing) of the property, rehabilitation for modern use, restoration to historic authenticity at a point in time, or reconstruction of a replica. Rehabilitation to modern use requires repair or replacement of any unserviceable features to a historically appropriate standard, but allows features altered over the years but still functional for occupancy to remain as is.

5. Environmental Impact Report (EIR) findings under California Environmental Quality Act (CEQA)--The findings and overriding considerations in this EIR require Caltrans to mitigate project impacts on historic properties, and to rehabilitate those properties to the Secretary of the Interior's standards.

6. Public Resources Code Section 5024 and 5024.5--These State statutes require Caltrans to formulate policies to preserve and maintain, where prudent and feasible, all State-owned historic resources under its jurisdiction. These sections also require Caltrans to consult with the State Historic Preservation Officer, giving 30 days for review and comment, before it can alter historic features or sell, move, or demolish historic buildings, and to take prudent and feasible measures to mitigate any impacts it causes to historic properties, or, as another option, to put rehabilitation covenants into the deed of sale to require a buyer subsequently to rehabilitate the property to the Secretary of the Interior's Standards.

7. Governor's Executive Order #W-26-92--This Executive Order requires all State agencies having stewardship of historic structures owned or controlled by the State to preserve, restore, and maintain those structures for the benefit of the people, and to report to the State Historic Preservation Officer on how they are fulfilling this requirement.

8. Government Code Section 54234 et seq. (from SB 86 of 1981), commonly known as the Roberti Bill--This statute aims to preserve affordable housing stock, by requiring State agencies first to offer surplus single-family housing properties not needed for this particular highway project to tenants at "affordable prices," and then to offer to private or public housing agencies for use as affordable rental properties; if the State agency finds no buyers in these classes, it can then sell properties at market value as is. If a property is sold to tenants, the State agency must repair it to a standard acceptable to mortgage lenders. "Affordable price" requires consideration of tenant/buyer income, including allowances for mortgage, taxes, insurance, utilities, and maintenance of the property. The Roberti Bill specifically applies to all properties Caltrans owns for the Route 710 freeway.

In March 2000 Caltrans asked the Commission to allocate $22 million to repair the remaining 45 historic properties not yet rehabilitated with the intent to rent them out while waiting for a decision to fund and build the freeway. Seeing a $40 million price tag, conceivably more to come as other houses may be designated historic, and assessing the likelihood that the State might ever be able to recoup this investment from rents and eventual sale of surplus properties, the

Commission undertook to examine in depth the issue of historic property management and financial responsibility and sought legal advice concerning the various requirements for owning and caring for these properties.

The Legislature has established a historic property maintenance fund, intended to augment normal maintenance budgets for historic properties in future freeway corridors, to help pay for larger repair costs that can come with long-term ownership. However, the Legislature has never appropriated any funds; proposed legislation to appropriate $600,000 to the fund (AB 2448, Scott) failed in the 2000 session.

The Dilemma of Historic Preservation and Affordable Housing Laws

The Commission concluded that Caltrans' strategy – to repair historic houses and rent them out – made sense only if the freeway were eventually going to be built. Otherwise, the State would be spending an average of $500,000 to repair each house to the Secretary of the Interior's Standards and in the end have to sell them to tenants at an "affordable price," almost assuredly at a substantial loss, a loss which would represent a subsidy to the buyer, with a total outlay exceeding $40 million, with a possible net return to the State of as little as 20% of that amount, for a relatively small number of households.

Large historic houses generally are not suitable for both affordable housing and historic rehabilitation at the same time. The requirement for the State, or some subsequent owner, to keep these houses for affordable housing actually points toward a minimum investment strategy and renders the historic rehabilitation of these houses financially infeasible. Few affordable-income buyers would be able to afford to rehabilitate them either. On the other hand, Caltrans might be able to afford to rehabilitate these historic houses if it could later sell them at market value.

The State's potential financial exposure could worsen significantly. The City of South Pasadena, long opposed to the freeway, has declared essentially all properties owned by Caltrans in that city to be historically significant under a local ordinance. If Caltrans chooses to dispute the city's declaration, it may have to demonstrate to the State Historic Preservation Officer a preponderance of evidence against the local historic designation. In addition, more properties may become eligible for the National Register by gaining significance through the passage of time or through new information; Caltrans has owned these houses for as long as 40 years, and some gain in historic significance merely with the passage of time, compounded by the loss of comparable buildings elsewhere. Once rented, each additional house adds to the State's potential financial risk if the freeway is not built.

Another Scenario: Preservation by Mothballing

The Commission asked Caltrans to examine and consider a different alternative: to preserve and mothball all remaining vacant historic houses, and any more that may become vacant in upcoming years, without renting them. The Commission believed this option might prove to be financially more responsible in the long run. Caltrans would forego rental income, but it would also avoid substantial ongoing repair and property management costs; instead, ownership costs would consist of continuous property security plus exterior preservation costs to protect the houses from weather, pests, and vandalism. At the same time, Caltrans should be aware of the potential for "blight by announcement," a phenomenon of perceived blight because of boarded-up houses in a community, which could evolve into a legitimate environmental concern.

Several interests come at this issue from different directions. Basically, Caltrans and surrounding cities, particularly Alhambra (because through traffic currently uses and congests city streets), support the Route 710 freeway and await the time when it can be built. Both the City of South Pasadena and Caltrans' rental tenants oppose the freeway but for different reasons: the city because of the freeway's perceived impacts on the city and its neighborhoods, and the tenants because abandonment of the freeway would allow them to buy houses at "affordable prices." Caltrans' rental tenants want relatively minimal repairs to keep their houses sound and habitable but generally oppose costly rehabilitation of the houses because Caltrans can then adjust its rent to the market rate, which could force some tenants out. The city prefers high-quality rehabilitation, to raise property values. Neither the cities nor residents support mothballing of historic houses because of neighborhood blight concerns. Basically, they want Caltrans to sell off its houses and get out of town. During this impasse, which is now heading toward 50 years, Caltrans, using the State Highway Account, bears responsibility for financial and historic preservation stewardship of houses for which it never intended to be a long-term landlord.

The Commission asked Los Angeles County Metropolitan Transit Authority (LACMTA), the regional agency, if it would contribute regional funds through the State Transportation Improvement Program (STIP) to fund the difference between the costs of mothballing the historic houses and the cost of rehabilitating them for occupancy to avoid the locally unpopular mothballing option. MTA's share of the STIP is roughly comparable to that of Caltrans, which must be used statewide; thus MTA's STIP share far outpaces what Caltrans can commit within Los Angeles County. Even though MTA has a substantial reserve of regional STIP funds, it has not as yet stepped forward with any funding commitment for this housing.

Next Steps for 2001

The State Auditor is presently examining the Department of General Services' expenditure records associated with its management of the rehabilitation and repair work to date, and expects to submit its report in December 2000. Meanwhile, Caltrans is studying its options, including mothballing, and expects to report back to the Commission by early 2001.

Caltrans, seeking a responsible way out of its historic property dilemma, in past years has sought legislation to exempt the highest-value historic properties from the Roberti Bill, on the premise that affordable housing and historic preservation are financially incompatible for this type of house, while preserving the other Caltrans-owned houses in the Route 710 corridor for affordable housing purposes. To date, such legislation has not passed. The Commission believes it would be worth reconsideration.

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R. FFY 2000-2001 Elderly and Disabled Persons Transit Program

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

R. FFY 2000-2001 Elderly and Disabled Persons Transit Program

In 1975, the federal government established funding, under the Federal Transit Act, as financial assistance for non-profit organizations to purchase transit capital equipment to meet the specialized needs of elderly and/or disabled persons for whom mass transportation services are unavailable, insufficient, or inappropriate. This legislation designated the Governor of each State as the administrator of the funds. In California, Caltrans was delegated the authority and has been administering this Federal Program since its inception.

Although the Elderly and Disabled Persons Transit Program (Program) is relatively small in terms of dollars (e.g., $7.8 million in FFY 1999-00), it has a high visibility funding as many as 190 projects for 57 separate agencies in a given year. The Program was the subject of debate for many years and legislation at least twice during FY 1994-95 and FY 1995-96. Assembly Bills 2766 and 772, respectively, were introduced as a result of dissatisfaction by several Regional Transportation Agencies over funding decisions impacting their regions. At first both bills were opposed by the Governor and defeated in the Senate Transportation Committee. However, AB 772 was granted reconsideration in FY 1995-96 and was subsequently signed by the Governor (Chapter 669, Statutes of 1996), assigning responsibility for that Program for the first time to the California Transportation Commission (Commission). The Commission's role in this Program was the result of legislative compromise following extended impasse over reform.

Specifically, AB 772 placed three mandates on the Commission for this Program:

1. Direct Caltrans on how to allocate funds for the Program,
2. Establish an appeals process for the Program, and
3. Hold at least one public hearing prior to approving each program.

In order to comply with these mandates and develop an allocation process, the Commission directed its staff to work with a 15-member advisory committee including representatives from regional planning agencies, State and local social service agencies, the California Association for Coordinated Transportation, and Caltrans. The process adopted by the Commission calls for project scoring by each Regional Transportation Planning Agency and subsequent creation of a statewide list by a State Review Committee integrating regional priority lists based on objective criteria adopted by the Commission. The Statewide Review Committee consists of representatives from the State Departments of Rehabilitation, Developmental Services, Aging, and Transportation. The Commission staff acts as facilitator/coordinator for the Committee. The process includes: 1) a staff level conference to discuss technical issues with project applicants and regional agencies; and 2) a public hearing conducted by the Commission. Following the conference and the hearing, the Commission then adopts the annual Program. Utilizing these new procedures, based upon the mandates in AB 772, the Commission has overseen the development of the Programs for FFYs 1996-97, 1997-98, 1998-99 and 1999-00.

FFY 2000-2001 Program

For this year's process, the staff level conference was held in August and the Commission's public hearing was held in September. Following the hearing, the Commission adopted the FFY 2000-2001 Program containing projects equal to 100% of the estimated available funding level. This year, due to changes in the estimated available funding level and the rescoring of a significant number of projects between the July and the September Commission meetings, the Commission established a Prioritized-Standby list of projects that would be first in line for funding if projects on the 100% list were unable to move forward or if additional funds become available. The Commission also stipulated that any projects remaining on the Prioritized-Standby list at year's end would be placed at the top of the FFY 2001-02 list for funding during that cycle. The Commission directed Caltrans to allocate funds to projects on the adopted list down to the level of actual available funding as announced by the Federal Transit Administration.

The actual available funding for the FFY 2000-2001 Section 5310 Program came to $8,744,130 (including the required 20% match)--$199,743 less than the original estimated level of $8,943,873. This reduction resulted in three projects that had been on the estimated 100% list being placed on the Prioritized-Standby list to be funded either this fiscal year by identifying additional funds through project cost savings/deletions or by being placed on the FFY 2001-02 program of Projects for funding during that cycle. Caltrans is continuing to review projects from past cycles to identify cost savings and/or projects that are not moving ahead to allow for additional funding capacity. Despite this reduction, the State will provide 57 agencies with 116 replacement vehicles, 52 service expansion vehicles and 22 supporting equipment projects for FFY 2000-2001.

SECTION 5310 STATEWIDE-PRIORITIZED LIST
FFY 2000-2001 CYCLE

AGENCY	SERVICE COUNTY	EQUIPMENT	AMOUNT	TOTAL CUMULATIVE
Access Services, Inc.	Los Angeles	14 V	$499,800	$499,800
AIDS Services Foundation	Orange	1 V	$43,000	$542,800
American Red Cross, SD/Imp.	San Diego	3 V,3 MR	$160,500	$746,300
Angel View Crippled Children's Found.	Riverside	1 V	$56,000	$802,300
Anza Valley Community Services	Riverside	1 V	$65,000	$867,300
ARC - Imperial Valley	Imperial	3 V, 3 MR	$166,500	$1,033,800
Care-A-Van Transit, Inc	Riverside	1 V	$50,000	$1,083,800
Coalition for Elders Independence	Alameda	4 V, 1 BS	$201,290	$1,296,090
Coastside Adult Day Health Care	San Mateo	1 V	$43,000	$1,339,090
Community Association for Rehabilitation	Santa Clara	3 V	$129,000	$1,468,090
Community Corner Stone, Inc	Humboldt	1 V	$50,000	$1,518,090
Comprehensive AIDS Resource & Education	Los Angeles	1 V	$50,000	$1,568,090
Downey Regional Medical Center	Los Angeles	6V,1BS,14MR	$360,700	$1,928,790
East Los Angeles Remarkable Citizens'	Los Angeles	5 V, 1 CS	$285,990	$2,214,780
El Dorado County Transit Authority	Los Angeles	3 V	$195,000	$2,409,780
First African Methodist Episcopal Church	Los Angeles	1 V	$45,000	$2,454,780
Fresno County Economic Opportunities	Fresno	9 V	$493,000	$2,947,780
Health View, Inc.	Los Angeles	1 V	$43,000	$2,990,780
Humboldt Assoc. for Retarded Citizens	Humboldt	1 V, 1 MR	$46,500	$3,037,280
Inland AIDS Project	Riverside	1 V	$43,000	$3,080,280
Korean Health, Education, Inform., Research	Los Angeles	3 V	$135,000	$3,215,280
Lake Transit Authority	Lake	1 V	$65,000	$3,280,280
Las Trampas, Inc.	Contra Costa	2 V	$93,000	$3,373,280
Life Steps Foundation, Inc.	Santa Barbara	1 V	$65,000	$3,438,280
Marin Senior Coordinating Council, Inc.	Marin	4 V, 4 MR	$186,000	$3,624,280
MediCab Mobile Ministries	Merced	4 V	$200,000	$3,824,280
Monterey-Salinas Transit	Monterey	3 V, 3 MR, 2 C	$168,500	$3,992,780
NCI Affiliates, Inc.	San Luis Obispo	1 V	$45,000	$4,037,780
North & South Market Adult Day Health	San Francisco	1 V, 1 MR	$57,500	$4,095,280
North County Lifeline, Inc.	San Diego	3V,4MR,1C	$181,700	$4,276,980
North Valley Services	Tehama	1 V	$65,150	$4,342,130
Omnitrans	San Bernardino	3 V	$195,000	$4,537,130
Outreach & Escort, Inc.	Santa Clara	25 C	$40,000	$4,577,130
Paratransit, Inc.	Sacramento	8V,8MR,8C	$474,208	$5,051,338
Prototypes	Los Angeles	1 V	$43,000	$5,094,338
Recreation Center for the Handicapped, Inc.	San Francisco	8 V	$379,000	$5,473,338
Redlands Community Hospital	San Bernardino	2 V, 2 MR	$112,500	$5,585,838
Redwood Senior Homes & Services	San Diego	2C, 4 MR	$17,900	$5,603,738
Sharp HealthCare	San Diego	4 V, 4 MR	$230,000	$5,833,738
Shascade Community Services, Inc.	Shasta	2 V, 1 C	$102,000	$5,935,738
SMOOTH, Inc.	Santa Barbara	2 C	$35,000	$5,970,738
South County Senior Services, Inc.	Orange	6 V, 6 MR, 2 C	$386,200	$6,356,938
St. Madeleine Sophie's Training Center	San Diego	3 V, 1 MR	$130,500	$6,487,438
Steelworkers Old-timers Foundation	Los Angeles	3 V	$150,000	$6,637,438
Transportation Specialists, Inc.	Riverside	3 V	$106,000	$6,743,438
Tri-City Hospital Foundation	San Diego	1 V	$45,000	$6,788,438
Tuolumne Adult Day Health Care	Tuolumne	2 V	$112,000	$6,900,438
United Cerebral Palsy of Greater Sacramento	Sacramento	3 V, 3 MR	$172,500	$7,072,938
United Cerebral Palsy-Ride-On (CTSA)	San Luis Obispo	2 V, 25 C	$149,500	$7,222,438
Valley Resource Center for Mentally Disabled	Riverside	6V, 1BS, 10MR, 1C	$297,300	$7,519,738

AGENCY	SERVICE COUNTY	EQUIPMENT	AMOUNT	TOTAL CUMULATIVE
Valley Restart Shelter, Inc.	Riverside	2 V	$108,000	$7,627,738
Villa Esperanza	Los Angeles	2 V	$112,000	$7,739,738
Volunteer Center of Napa County, Inc.	Napa	1 V, 1 MR	$46,500	$7,786,238
Westview Services, Inc.	Orange	9V,1BS,16MR	$449,700	$8,235,938
White Memorial Medical Ctr. Charitable	Los Angeles	7 V	$414,000	$8,649,938
Work Training Programs, Inc.	Los Angeles	2 V	$86,000	$8,735,938

Legend - V=Various Vehicle Types, BS=Base Station, MR=Mobile Radio, C=Various Computer Equipment (computers, software, data terminals, etc.)

FFY 2000-2001 SECTION 5310 PROGRAM
PRIORITIZED-STANDBY PROJECT LIST

PRIORITY ORDER	AGENCY	SERVICE COUNTY	EQUIPMENT	TOTAL CUMULATIVE
1	Omnitrans	San Bernardino	SE	$65,000
2	Omnitrans	San Bernardino	SE	$130,000
3	Omnitrans	San Bernardino	SE	$195,000
4	Easter Seals Northern California, Inc.	Butte	MB	$251,000
5	Lutheran Social Services of Southern California	San Diego	MV	$294,000
6	Lutheran Social Services of Southern California	San Diego	MV	$337,000
7	Lutheran Social Services of Southern California	San Diego	MV	$380,000
8	Arc Ventura County	Ventura	MV	$423,000
9	Arc Ventura County	Ventura	MV	$ 466,000
10	Volunteer Center of Napa County, Inc.	Napa	Mod Van/MR	$517,500
11	Arc Ventura County	Ventura	MV	$560,500
12	Whittier Transit; Eastern Los Angeles	Los Angeles	MB	$616,500
13	HELP of Ojai, Inc.	Ventura	MV/MR	$661,000
14	Marin Senior Coordinating Council, Inc.	Marin	CH	$677,000
15	St. Mary's Medical Center	San Francisco	Mod Van	$727,000
16	Easter Seals Superior California	Sacramento	MB	$783,000
17	Adult Development Center-North	San Joaquin	Mod Van	$833,000
18	Foundation for the Junior Blind	Los Angeles	Mod Van	$883,000
19	Foundation for the Junior Blind	Los Angeles	Mod Van	$933,000
20	Becoming Independent	Sonoma	SB	$978,000
21	Tri-City Hospital Foundation	San Diego	BS/MR	$983,200
22	Tri-City Hospital Foundation	San Diego	CS	$989,700
23	Gold Country Telecare, Inc.	Nevada	SB	$1,034,700
24	The Arc of San Diego	San Diego	Mod Van	$1,084,700
25	The Arc of San Diego	San Diego	Mod Van	$1,134,700
26	Inyo Mono Transit	Mono	MV	$1,177,700

Legend - BS=Base Station, MR=Mobile Radio, SWC=Single Wheel Cutaway, SB=Small Bus, MB=Medium Bus, MV=Mini Van, CNG=Compressed Natural Gas, CH=Computer Hardware, CS=Computer Software, MDT=Mobile Data Terminal, MDC=Mobile Data Computer

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S. Aeronautics Issues

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S. Aeronautics Issues

Technical Advisory Committee on Aeronautics

Section 14506.5 of the California Government Code states, “The Chairman (of the Commission) shall appoint a Technical Advisory Committee on Aeronautics (TACA), after consultation with members of the aviation industry, airport operators, pilots, and other aviation interest groups and experts, as appropriate. This TACA shall give technical advice to the Commission on the full range of aviation issues to be considered by the Commission.” The current membership of the TACA is listed below.

This statutorily mandated advisory committee is of great value to the California Transportation Commission (Commission) in carrying out its responsibility to advise the Secretary of the Business, Transportation, and Housing Agency (BT&H) and the Legislature on State policies and plans for transportation programs in California.

Commission’s Aviation Responsibilities The Commission’s primary responsibilities regarding aeronautics, include:

- advising and assisting the Legislature and the Secretary of BT&H in formulating and evaluating policies and plans for aeronautics programs;

- adoption of the California Aviation System Plan (CASP), a comprehensive plan defining state policies and funding priorities for general aviation and commercial airports in California; and

- adoption and allocation of funds under the three-year Aeronautics Program, which directs the use of State Aeronautics Account funds to:

    1. Provide a part of the local match required to receive federal Airport Improvement Program (AIP) grants; and

    2. Fund capital outlay projects at public-use airports through the California Aid to Airports Program (CAAP) for airport rehabilitation, safety and capacity improvements.

TACA’s Activities During 2000 - During 2000, the TACA met three times. The work of the TACA focused on:

- providing State policy guidance to Caltrans in the development of the Ground Access to Airport Study ;

- advising the Commission on the appropriate level of delegation to Caltrans for amending the Capital Improvement Plan Element of the CASP;

- advising the Commission to continue the local match rate required for State Aeronautics Program grants at 10%, this rate was adopted by the Commission on March 30, 2000;

- working with Caltrans to develop recommendations on the Proposed 2000 Aeronautics Program and recommending its adoption by the Commission at the March 2000 Commission meeting;

- participating in discussions with Caltrans on updating the Policy Element of the CASP;

- evaluating options for funding airport Comprehensive Land Use Plans (CLUPs);

- providing recommendations to the Commission on aviation legislation; and

- cooperating with Caltrans and the Federal Aviation Administration (FAA) to coordinate State and federal aviation programs.

TACA MEMBERS

- **Michael Armstrong**, Senior Aviation Planner, Southern California Association of Governments
- **Marlin Beckwith**, Program Manager, Caltrans Aeronautics Program
- **Neil Bennett**, Regional Director, Air Transport Association of America
- **Herman Bliss**, Manager, Western Region Airports Division, Federal Aviation Admin.
- **Daniel Burkhart**, Regional Representative, National Business Aviation Association
- **Curt Castagna**, President, Aeroplex Aviation (Long Beach Airport)
- **Steven Irwin**, Airport Operations Supervisor, Oakland International Airport
- **Jack Kemmerly**, California Regional Representative, Aircraft Owners and Pilots Assoc.
- **Harry A. Krug**, Airport Manager, Colusa County Airport
- **Tim Merwin**, Project Manager, HNTB Architects Engineers Planners
- **Mark F. Mispagel**, Chairman, Special Counsel, El Toro Master Development Program
- **Robert Olislagers**, Director of Airports, County of San Bernardino Airports Department
- **O. B. Schooley**, Aviation Consultant, SI Partners, Inc.
- **Alan R. Tubbs**, District Field Services Manager, Airborne Express

2000 Program for Aeronautics

The Commission is required, pursuant to Public Utilities Code Section 21683, and in accordance with the Commission's adopted policy for administering that section, to adopt a three-year State Program for Aeronautics. The 2000 Program for Aeronautics is a three-year program for the acquisition and development of airports that is funded by the Aeronautics Account in the State Transportation Fund. Most revenues for the Aeronautics Account come from taxes on the fuel that is used by general aviation aircraft (18 cents per gallon on aviation gasoline and 2 cents per gallon on non-commercial jet fuel). By statute, the Program for Aeronautics is not a part of either the Interregional Transportation Improvement Program (ITIP) or the State Transportation Improvement Program (STIP). However, the Program for Aeronautics is presented and adopted along with the ITIP and STIP according to the policy and schedule adopted by the Commission in February 1998.

The 2000 Program for Aeronautics covers FYs 2000-01, 2001-2002, and 2002-2003. It also includes an update of fiscal year 1999-2000. The 2000 program provides $16 million and includes five FY 2000-01 projects worth $1.3 million from the 1998 program and 70 new projects worth $9.6 million. There is also a reservation of $5.1 million for reliever and general aviation airports in accordance with PUC §21683.1 for matching federal AIP grants. In anticipation of increased federal airport funding, the annual set-aside for AIP matching is larger than the $1.4 million that has been used in earlier programs; it is $1.6 million for FY 2000-01, $1.7 million for FY 2001-02 and $1.8 million for FY 2002-03.

The majority of the projects in the 2000 Program for Aeronautics involves runway and taxiway pavement maintenance. Several CLUPs and one airport layout plan are also funded. Other non-pavement projects are two segmented circles and removal of an obstruction. No land is being acquired. The new projects were chosen from the Capital Improvement Program (CIP) that was developed in accordance with PUC §21702. The Commission approved the CIP at its July 1999 meeting. The CIP is a needs assessment for the State's airports. It is a joint effort of the Regional Transportation Planning Agencies (RTPAs), airports, and Caltrans. Selection of projects from the CIP was based upon the ranking methodology that the Commission updated in April 1997.

In addition to the funding provided through the Program for Aeronautics, the State provides $1.5 million in annual grants of $10,000 to 150 publicly-owned, public-use airports for expenditure at the sponsor's discretion. Also, the State Loan Program provides loans from a revolving loan account to publicly owned, public use airports for projects that benefit the airport and improve its self-sufficiency. Nearly any type of project that will benefit the airport is eligible including matching for an FAA grant. Economic feasibility is an especially strong factor in the approval of loans for revenue-generating projects (e.g., hangars). Fourteen loans for over $8.2 million were approved in FY 1999-00.

California Aid to Airports Matching Rate

The Commission is required to annually establish a rate between 10% and 50% at which local governments must match California Aid to Airports Program grants in the State Program for Aeronautics. The Commission's TACA recommended that the Commission continue the long-standing matching rate of 10% for FY 2000-01 in order to ensure that the maximum number of airports can participate in the State aeronautics funding programs and to be consistent with the matching rate required for federal AIP grants. Further, a low-match rate does not result in a small number of large grants because statute limits program grants to a maximum of just $500,000. The Commission adopted a resolution on March 30, 2000, maintaining the matching rate at 10%, and continued the commitment it made in 1995 to consider changing the required matching rate only at the time of the biennial adoption of the Aeronautics Program in order to ensure that the matching rate for a specific project would not be changed once it was included in the program.

Ground Access to Airports Study

The need to plan for and provide improvements to airport ground access facilities to better move people and freight efficiently through California's airports is an increasing concern for airport authorities, airlines, the transportation industry, RTPAs, and federal agencies. These improvements are of paramount economic importance and would also enhance the integration and connectivity of the transportation system, across and between modes, and address congestion and air-quality issues.

Airport ground access planning, facility development and project funding is difficult because there is a highly complex institutional environment that spans multiple public sector jurisdictions and private industry. Airports typically serve passengers and freight from a wide geographical area involving many local government jurisdictions, transit authorities, environmental agencies and state and federal transportation departments that have responsibilities that overlap and impact airport ground access.

The Caltrans Aeronautics Program has received a $363,290 grant for conducting a Ground Access to Airports Study. A consultant team, headed by Landrum and Brown, began work on the study in July 2000 and is scheduled to complete the project in July 2001. The results of this effort will provide detailed support for the extent to which dedicated funding, perhaps from the sales tax on jet fuel, is needed for airport ground access projects. Space launch facilities at Vandenberg Air Force Base (AFB), Edwards AFB and Sea Launch in the Port of Long Beach will be considered in the Ground Access to Airports Study. Project deliverables include:

- an inventory of current and projected passenger and freight access needs, including intercity and modal connectivity (electronic with GIS interface);

- identification of responsibilities and roles;

- identification of issues and barriers to resolving issues related to planning, project selection, programming, and funding, and;

- recommended strategies leading to coordinated and comprehensive approaches to planning, programming, and funding projects that will result in efficient ground access to airports for passengers and freight.

Project oversight and coordination includes the Commission's TACA which is providing State policy guidance and the Aeronautics Program's RTPA Aviation System Planning Committee, which is providing technical and regional policy guidance. The Commission was briefed in July 2000 and additional briefings are scheduled for January 2001 and June 2001.

Report on Aviation and Economic Development in California

A consistent problem in trying to deal with airport system planning and development issues at all governmental agency levels relates to an inability to articulate how aviation impacts the lives of California's residents and its economy. In 1988, Caltrans Aeronautics Program and the Office of Economic Research (now the Trade and Commerce Agency) prepared a report at the request of the Legislature on the economic impact of aviation in California. The report has not been updated since.

In the past ten years, the global economy has expanded, air cargo and business aviation has increased dramatically, military bases have closed, the aerospace industry has been reduced and there has been a decline in recreational aviation. To better understand the economic impact of aviation in today's economy, it is necessary to prepare an updated report. Caltrans Aeronautics Program expects to receive funding in FY 2000-01 to prepare a report with consultant services analyzing the impact of aviation on California's economy; the report will include:

- quantification and documentation of aviation's direct role in the State's economy by the various types of aviation transportation;
- value of the commerce that flows through California airports (current and historical);
- aviation's contribution to the State's tax revenues;
- direct economic impact of each of the 13 "hub" airports in California;
- estimated direct economic impact of a typical "non-hub" airport in the State;
- the importance of non-military, government aviation (fire suppression, law enforcement, FAA activities in California, etc.); and
- recommendations for improving the airport system so that future economic growth is not constrained.

The Commission supports beginning this study in early 2001.

<u>Space Launch Facility Activities</u>

Responsibilities of Caltrans Space Office activities were relocated from the Director's Office to the Aeronautics Program in July 2000. The Caltrans Spaceport Office was created by statute in 1993 to seek and obtain funding for the commercialization of private space activities in California and to receive and evaluate commercial space grant proposals.

Caltans Aeronautics staff participates on the California Space and Technology Alliance (CSTA) Space Committee. CSTA, which reports to the Deputy Secretary of the Division of Science, Technology and Innovation in the Trade and Commerce Agency, serves as the California Spaceport Authority to provide space advocacy and to support policymaking and space program development. CSTA is managing the California Space Infrastructure Study, which is funded with $8.5 million of federal funds. The study will include engineering designs and architectural plans for space infrastructure at Vandenberg AFB, Edwards AFB, and other Department of Defense sites within California.

Issues related to space launch facilities include:

- considering increasingly routine commercial space launch activities as a form of “vertical transportation” in transportation planning and programming activities;

- considering space launch facilities at Vandenberg AFB, Edwards AFB and Sea Launch at Long Beach as components of the State aviation system in the development of all elements of the CASP;

- identification, operation and maintenance of an extra-legal load network to ensure that space launch vehicles and devices can safely travel on State highways from manufacturer to launch pad;

- developing and maintaining launch facilities in light of the changing role of the U.S. Air Force and private industry as commercial space launches increasingly outnumber military launches; and

- updating the FAA's air traffic control system to accommodate the emergence of reusable launch vehicles.

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T. Intercity Rail Issues

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

T. Intercity Rail Passenger Issues

Retrospective: Uncertain State and Federal Funding Picture

Over the last several years, intercity rail passenger service in California has faced an uncertain future in terms of adequate funding for operations and capital improvements from the State and federal government; and while State and federal legislative actions have reduced some of these uncertainties, challenges remain.

According to the California Transportation Commission's (Commission's) 1998 Report on ten-year Funding Needs for Transportation (pursuant to Senate Resolution 8), intercity rail operational costs over the next ten years for existing, enhanced and new service are projected to be $1.1 billion. This $1.1 billion for operations would come entirely from the State Public Transportation Account (PTA Account), which was then projected to have a near-term $50 million shortfall over the four-year period FY 2000–01 through FY 2003–04. Further, the shortfall was projected to increase to a six-year shortfall of $158 million unless the Legislature and the Administration intervened. While recent legislation, AB 2928 (2000) has resolved the PTA Account funding situation for the foreseeable future, the cost of Intercity Rail operations will continue to increase, posing substantial demands on PTA Account revenues. Amtrak's operational funding, which California relies upon, in part, for subsidizing its intercity rail service, continues to be reduced by Congress, which wants Amtrak to be self-sufficient by FFY 2002-03 and not rely upon federal operating subsidies. (Congress, however, did put Amtrak on the same footing as transit operators by liberalizing the definition of capital improvements to permit federal capital funds to be used for both maintenance and operations.)

According to both Caltrans' ten-year passenger rail plan and Amtrak's five-year plan, the projected capital improvement needs to maintain, enhance and expand intercity rail passenger service over the next ten years are expected to cost about $3.1 billion. State Highway Account and PTA Account funds programmed in the State Transportation Improvement Program (STIP) would continue to provide a portion of the funding but could only provide between $200 to $400 million per STIP cycle, which would leave a shortfall of at least $1.7 billion. (While AB 2928 has earmarked another $200 million for intercity rail projects, a proposed $10 billion nationwide bond for Amtrak capital projects remains on hold pending further Congressional action).

Today: Renewed Opportunity and Commitment on the State Level

New funding commitment: In 2000 the Davis Administration initiated a number of transportation proposals to help relieve traffic congestion, which resulted in the Traffic Congestion Relief (TCR) Act of 2000 (AB 2928 and SB 1662). As noted above, this legislation addresses a number of transportation issues including those related to intercity rail and transit capital improvements.

The TCR Act (Act) provides funding from the General Fund to the PTA Account to erase the pending $50 million shortfall. Had that legislation not dealt with the shortfall, California would have faced the possibility of reducing current service and deferring expansion to its intercity rail program. Beginning in FY 2000-01 and ending in FY 2005-06, the Act also transfers about $50 million annually, totaling over $250 million, to the PTA Account from sales tax deposited in the General Fund from the sale, use, or storage of fuel. Further, about $45 million not subject to Article XIX constitutional restrictions will be transferred annually to the PTA Account. One effect of the Act is to:

- erase the pending PTA Account shortfall,
- provide sufficient funding to cover existing and proposed intercity rail operations,
- fund future rail vehicle maintenance and rehabilitation,
- provide funding for intercity rail capital improvements, such as rail vehicles, that cannot be funded from the State Highway Account, and
- provide programming capacity for general transit capital improvements.

Specifically, about $383.8 million in PTA Account funds will be available for Caltrans to continue operating the current level of intercity rail service (i.e., Capitols, Pacific Surfliners, and San Joaquin) over the next six years (FY 2000-01 through FY 2005-06). Another $176 million will be available over the next six years for Caltrans to add new and expanded intercity rail service. Further, $41.8 million will be available for intercity rail maintenance of the existing intercity rail locomotive and passenger car fleet. Lastly, $264 million will be available for programming as part of the STIP process for general transit capital improvements. In the proposed 2000 Interregional Improvement Program of the STIP, Caltrans has proposed to program $43.8 million for intercity rail capital improvements.

In addition to restoring and augmenting the PTA Account, the TCR Act also provides $197 million from the General Fund to the TCR Fund for specific intercity rail improvements on the Capitol, Pacific Surfliner, and San Joaquin intercity rail corridors. Caltrans also received $50 million from the General Fund, as part of the Budget Act of 2000, for rolling stock ($30 million) and double tracking ($20 million) in the Fresno area on the San Joaquin corridor.

Traffic Congestion Relief Act Intercity Rail Projects

Bill Ref. #	***Project Description***	***County***	***Funds millions***
9	Capitol Corridor; improve intercity rail line between Oakland and San Jose, and at Jack London Square and Emeryville stations in Alameda and Santa Clara Counties.	Regional	$25.0
35	Pacific Surfliner; triple track intercity rail line within Los Angeles County and add run-through-tracks through Los Angeles Union Station in Los Angeles County.	Los Angeles	$100.0
74	Pacific Surfliner; double track intercity rail line within San Diego County, add maintenance yard in San Diego County.	San Diego	$47.0
92	San Joaquin Corridor; improve track and signals along San Joaquin intercity rail line near Hanford in Kings County.	Kings Co.	$10.0
99	San Joaquin Corridor; improve track and signals along San Joaquin intercity rail line in seven counties.	Regional	$15.0
		Total:	$197.0

Renewed Planning Effort: Caltrans' Ten-Year Rail Passenger Program Report: Caltrans prepared an update of its ten-year Rail Passenger Program Report (Report). This Report had not been updated since 1993 because AB 116 (Speier) had suspended the requirement for most State reports through 1999 as part of the State's cost containment effort in dealing with budget shortfalls resulting from the recession of the early- to mid-1990s.

The Commission reviewed Caltrans' Ten-year report and provided advice so that Caltrans could revise the Report before the Commission gave its consent at its November 2000 meeting. Caltrans was advised to:

- set standards for meeting its ten-year goals relating to intercity rail as an alternative mode of transportation, congestion relief, clean air, fuel efficiency, and improved land use;
- develop, in the ten-year report, a fiscally constrained plan that describes which corridor statewide has priority or which projects within a corridor have priority. Conversely, the ten-year report should also discuss capital funding priorities should additional funds become available;
- address how STIP funding and other revenues would be used to fully fund TCR projects. Further, Caltrans should discuss if it has sufficient funding to match a "fair share" of the $10 billion that may become available nationwide to Amtrak over the next ten years. Caltrans should also address the impact the potential federal funds would have on the Interregional Program (interregional roads and rail), since TCR funds represent short-term funding for projects;
- establish standards by which it determines when to increase or decrease service in existing corridors;
- establish standards by which it can determine when it is appropriate to start service in new corridors and how it will choose between competing areas for new corridor service;
- lay out the projected costs for operating. Caltrans cannot assume that Amtrak will be able to continue providing subsidies past FFY 2002, which is the Congressional goal for phasing out federal operating subsidies; and
- highlight the three most decrepit stations statewide.

Caltrans revised its Ten-Year Rail Passenger Program Report to reflect the Commission's advice. In doing so, Caltrans stated that:

- it would develops standards in its 2001 update of the Report for meeting its ten-year plan goals relating to providing rail as an alternative mode of transportation, congestion relief, clean air, fuel efficiency, and improved land use. (The Commission stated that when Caltrans develop its standards, it should then assess the performance of intercity rail service in achieving the stated goals of providing an alternate transportation option, congestion relief, improved air quality, fuel efficiency, and improved land use.)

- it would use the standards below in considering new capital projects. Projects must result in:
  - increased revenues, reduced costs, and improved farebox revenue to 50% or exceed it;
  - increased capacity for increased frequencies or improved reliability for better on-time performance;
  - reduced running times, more efficient service, and a competitive alternative to the automobile;
  - new cost-effective routes;

- establish standards to:
  - add/remove service or segments to improve cost-effectiveness,
  - add new service to help State-supported service as a whole,
  - add new service where Caltrans has already paid for capacity increases, and others are now willing to pay for capital and/or operating needs;

- lay out the projected costs for operating to show that the total costs for the State could be higher by as much as $34.5 million if Amtrak's operating subsidies are picked up by the State; and

- highlight the three most decrepit stations statewide.

The Commission reviewed Caltrans' revisions and adopted a resolution giving its advice and consent at its November 2000 meeting.

Caltrans relied upon Amtrak's five-year plan in developing the ten-year $3.2 billion capital improvement program in its ten-year report. Of the $3.2 billion, $2.6 billion would be used on existing routes (Capitol [$328 million], Pacific Surfliner [$1,347 million], and San Joaquin [$961 million]) to fund rolling stock, track and signal work, stations, maintenance facilities, grade-crossing improvements, and a demonstration train. The remaining $579 million could be used over the next ten years to start new routes and extensions in the following areas: Coast, Monterey, Redding, Reno, Las Vegas, and Coachella Valley.

The State's share of intercity rail operational costs would be covered from the PTA Account. State costs are projected to increase over the ten-year period from $69.5 million/year to $84.9 million/year for existing service. New routes would increase from $8 million/year to $32.9 million/year. By Caltrans' estimate at the end of ten years (FY 2008-09), California could be paying $117.8 million/year for the State's portion of the subsidized cost. Under the worst scenario, Congress may not fund Amtrak operations past FFY 2002-03. California, if it wished to continue all State-supported intercity rail service, would have to pick up Amtrak's share. This would mean that by FY 2008-09 California could be contributing an additional $82.8 million/year over its FY 2000-01 subsidy to cover Amtrak's share for existing service and new service. Thus, the total cost in FY 2008-09 could be as high as $152.3 million/year, where the State would continue to pick up its $117.8 million annual contribution as well as the $34.5 million that would no longer be funded by Amtrak.

Intercity Rail Ridership Increases: It is important to ensure that operational funding is provided by the State and Amtrak; otherwise, the recent efforts in increasing ridership would be for naught. According to Amtrak, California's three intercity rail corridors are among the top five most heavily traveled rail corridors in the nation. The San Diegan is second behind the Northeast Corridor, the Capitol between San Jose and Sacramento/Roseville is fourth, and the San Joaquin between Los Angeles and Sacramento is fifth.

Ridership on the Pacific Surfliner (nee′ San Diegan) has been range-bound over the last five years (FY 1995-00) between 1.48 and 1.57 million passengers/year. The San Joaquin over the same five-year period has averaged a 5.5% increase a year from 526,000 passengers/year in FY 1995-96 to 671,000 passengers/year in FY 1999-00. The Capitol over the same five-year period has averaged a 13.9% increase a year from 403,000 passengers/year in FY 1995-96 to 684,000 passengers/year in FY 1999-00.

To provide some context to the annual numbers discussed above, average daily trip numbers were extrapolated from the latest annual ridership numbers. In FY 1999-00, the Capitol averaged 1,874 daily one-way trips (the equivalent of 937 daily roundtrips), the Pacific Surfliner averaged 4,294 daily trips (the equivalent of 2,147 daily roundtrips), and the San Joaquin averaged 1,840 daily trips (the equivalent of 920 roundtrips).

The latest numbers for FY 2000-01 (July through September) show that the Pacific Surfliner and San Joaquin compared to the same time period a year ago remain about the same with about 2.5% increase in ridership. The Capitol for the same time period, however, has increased by 54.8%. This increase may be due, in part, to an increase in the number of trains, from four to six to seven trains/day over the last three years, and increased demand for travel to and from congested Silicon Valley points. Other likely reasons are the truncation of service on the eastern end of the line to eliminate poor ridership and the marketing by the Capitol Corridor Joint Powers Authority.

Today: Vision of the Future for Ultra High-Speed Rail in California

Planning for ultra high-speed rail, trains that exceed speeds of 200+ miles per hour, continues to move forward in California. In 1999, the California High-Speed Rail (HSR) Authority proposed that the State move forward on an incremental basis, rather than placing a ballot measure before the voters to issue bonds for an estimated $25 billion project (1999 $). Under existing law, the HSR Authority would have terminated on June 30, 2001, because neither the Legislature nor the voters had approved a specified financial plan.

The Legislature passed legislation, which was signed by the Governor, to extend the life of the Authority. AB 1703 (Florez, 2000):

- extends the termination date of the Authority until December 31, 2003, unless the Legislature repeals those provisions or provides a different termination date;

- provides for expiration of the terms of the current nine members of the Authority by January 1, 2001. Initial terms would be staggered from one to four years, as specified, for the new members appointed by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly;

- continues to give the Authority the exclusive authorization and responsibility for the planning, construction, and operation of high-speed passenger train service but changed the definition of high-speed rail from speeds exceeding 100 miles per hour (mph) to speeds exceeding 125 mph;

- allows the Authority to prepare a plan only upon an appropriation in the Budget Act for that purpose and would limit the submission of the plan to the Legislature and the Governor rather than submitting the plan for a vote of the electorate.

The TCR Act (AB 2928, 2000) appropriated $5 million to the HSR Authority to commence preliminary environmental documentation for implementing high-speed rail service in California.

Today: Southern California Magnetic Levitation Project Proceeds

Transportation Equity Act for the 21st Century (TEA-21) provides $1.055 billion for a magnetic levitation (Maglev) demonstration project. The demonstration project funding is uncertain, since Congress, to date, has only appropriated $20 million for the pre-construction phase. The remaining funds will need to be appropriated, and even then, the construction funds will only cover up to 30% of the total costs. However, TEA-21 does contain loan guarantee and credit provisions through Transportation Infrastructure Financing and Innovation Act (TIFIA) that could be applied to high-speed train projects.

In 1999, the Southern California Association of Governments (SCAG) and the HSR Authority were co-recipients of one of seven grants of federal planning grant funds for the Maglev demonstration project. SCAG and the HSR Authority received $3.4 million to initiate preliminary engineering, begin environmental assessments and begin community outreach for SCAG's proposed 60-mile corridor linking Los Angeles International Airport (LAX) with March Inland Port (nee′ March Air Force Base) in Riverside County, via Los Angeles Union Station and Ontario Airport.

SCAG, the HSR Authority, and the State Business, Transportation and Housing Agency submitted an application on June 30, 2000, to the Federal Railroad Administration to proceed with <u>full</u> engineering and environmental clearance. The environmental process, if California were successful in getting FRA approval, would start in early 2001 and is projected to be completed by September 30, 2002. The estimated cost to construct the proposed Maglev project is $4.8 billion. In September 2000, FRA announced that it would fund the entire field of seven applicants. California’s Maglev project received $1 million to proceed with full engineering and environmental clearance. It is unclear when FRA will select the one project to proceed to construction

Today: Amtrak Intercity Rail Continues to Face Uncertainty at the National Level

The future of Amtrak intercity rail remains uncertain at the national level. On the negative side, the Amtrak Reform Council and the U.S. General Accounting Office have criticized Amtrak's poor track record in meeting its own goals. Congress continues to press Amtrak to conform to its mandate that Amtrak's operational funding be eliminated by FFY 2002-03. On the positive side, Congress is considering a ten-year, $1 billion/year bond proposal for funding Amtrak capital improvements. This bond proposal would make available $1 billion annually to designated HSR corridors, providing a local match requirement of 20% is met and no more than 30% of the funds can be directed to any one corridor. California's combined intercity passenger rail corridors have been designated as one of ten such corridors nationwide eligible to compete for the $10 billion.

In the past year, the Amtrak Reform Council and the U.S. General Accounting Office have criticized Amtrak for its aggressive and overly optimistic forecasts regarding funding, revenues, and operational efficiencies, its poor accounting methodology, and lack of strategic planning.

The Council stated that Amtrak's 2000 Strategic Plan contains a number of elements that would not provide the benefits projected. A prime example is Amtrak's troubled new Northeast Corridor high-speed rail service, the Acela. The Acela service is supposed to be a net revenue generator (about $183 million by 2003). The revenues generated would give Amtrak needed operating revenues for use nationwide. The Acela service was suppose to start with the new millennium but is now overdue by almost 12 months.

The US General Accounting Office reported in its May 2000 report to Congress that Amtrak:

- would need at least $9 billion or more just for capital improvements on the Northeast corridor between Washington, D.C. and New York. This estimate did not include other capital investment needs since Amtrak had not developed cost estimates;
- could face serious capital shortfalls beginning 2001;
- would not reach operational self-sufficiency by 2003 without major corrective action.

The Amtrak Reform Council at its May 18, 2000, meeting in Sacramento invited the California Transportation Commission to share its viewpoint with the Council. At that meeting, the Commission voiced many of the same concerns in its statement that were raised by the Council's reports and by the U.S. General Accounting Office. The Commission made a key point regarding Amtrak West's 1995 five-year plan, which proposed to improve operating efficiencies by 70%. In 1995, Amtrak West stated that revenues would increase to the extent that operating subsidies by California would stay at the 1996 level, despite the phase-out of the federal subsidies. **The Commission reported, however, that the cost to the State went up from $29 million in FY 1994-95 to $69 million in FY 1999-00.** The Commission stated in its concluding remarks that:

- California supports intercity rail service but expects a reasonable return for its investment. Amtrak must do better in generating ridership and revenues.
- California expects Amtrak to be more efficient and reduce the cost per passenger mile.
- California expects operating costs to increase, but it should be due to expansion, cost of living, and added service, not to poorly run operations or lost revenues.
- California supports intercity rail as evidenced by STIP funds and the Governor's proposed use of General Funds in the Administration's transportation plan. California expects Amtrak to continue its partnership, provide funding, and match dollar-for-dollar California's commitment.

Federal Funding and Amtrak's Five-Year Plan: Amtrak West recently prepared a updated five-year plan, which is part of the national Amtrak plan to meet the Congressional mandate that Amtrak be free of federal operating subsidies by FFY 2003. The Amtrak West Plan also proposes capital improvements totaling approximately $4 billion over the next five years (FFY 2000-01 through FFY 2004-05). A major assumption in the five-year plan is that Congress will pass a bill (H.R. 2614) that will provide $1 billion/year in bonds for ten years, totaling $10 billion for capital improvements on designated corridors. Designated corridors may receive up to 30% annually of the funding available. California's three corridors are designated as one eligible corridor. To date, the bill has not as yet passed. Congress intends to reconvene after the November 7 election and continue considering this matter with other aspects of the federal budget that have not yet been enacted. California must either:

- be ready to pursue its "fair share" of federal funds that may become available, or
- seek alternative funding sources to fund its ten-year capital plan, or
- consider which projects and corridors take priority with the funding available.

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Volume II –Activity and Accomplishments

U. California's Comments on Federal Planning, Environment, and ITS Regulations

II. 2000 ACTIVITY AND ACCOMPLISHMENTS

U. California's Comments on Federal Planning, Environment, and ITS Regulations

Congress changed federal statutes for statewide and metropolitan planning in 1998 with passage of the Federal Transportation Equity Act for the 21st Century (TEA-21). TEA-21's changes made Federal Highway Administration (FHWA) statewide and metropolitan planning regulations, dating from ISTEA in 1993, obsolete; the need to update its planning regulations gave FHWA the opportunity to update its environmental regulations, dating from 1987 (pre-ISTEA), and offer new regulations for Intelligent Transportation Systems (ITS) where before there had been none. The existing planning and environmental regulations contain a lot of the red tape that ties up federal decision-making and the use of federal funds in California.

FHWA published a notice of proposed rule making covering all three subjects in the Federal Register on May 25, 2000. It left the record open until September 23 for comments and invited states and metropolitan regions to get together and submit joint comments.

Caltrans, the Commission, and the 17 metropolitan planning organizations in California, as well as a task force representing rural counties, took the opportunity to develop a consensus and submit joint comments supporting the general direction FHWA's new regulations are heading but expressed concern that the new regulations, as drafted, would go too far in some areas and not far enough in others. The joint comments also offered a set of principles to guide revisions to the proposed regulations. Various agencies also submitted their own specific, more detailed comments.

Existing and Proposed Federal Regulations

1. **Statewide and Metropolitan Planning:** Existing FHWA planning regulations from 1993:
   - define 23 statewide and 16 regional planning factors,
   - specify a cooperative and coordinated planning process including public participation,
   - define a conformity process to assess whether the plan leads to attainment of clean air,
   - require the projects in three-year federal programs to come from State and regional plans, and
   - exempt State and regional plans from federal environmental review under the National Environmental Policy Act (NEPA).

   The proposed new regulations would:
   - define seven common planning factors for both statewide and regional planning,
   - retain the cooperative and coordinated planning process including public participation,
   - adding a requirement for States to consult rural local officials during planning and programming,
   - leave the clean air conformity process unchanged except to severely limit the ability to extend programs and projects beyond the three-year program horizon,

- strengthen the linkage from planning to programming by requiring a statewide long-range revenue forecast and a definition of purpose and need for projects identified in the plans,
- beef up the requirement for discussion of project decisions made at the planning stage, to serve later in environmental streamlining during project delivery, and
- retain the exemption from NEPA for state and regional planning.

2. **Environmental:** Existing FHWA environmental regulations from 1987:
   - define the process FHWA uses to comply with NEPA for highway projects, including the relationship to federal environmental agencies such as Environmental Protection Agency (EPA), the Corps of Engineers, U.S. Fish & Wildlife Service, National Marine Fisheries Service, and the Advisory Council on Historic Preservation,
   - define a conformity process to assess whether programs and individual projects lead to attainment of clean air, and
   - describe federal requirements for parkland preservation related to highway projects (known as Section 4(f)).

   The proposed new regulations would:
   - seek to streamline FHWA's environmental process for projects, by seeking early involvement of federal environmental agencies during planning, using planning information as base data for environmental studies for projects, and allowing decisions made during the planning stage to be carried forward and not reopened during environmental studies on projects (if the planning decisions were documented adequately for NEPA during the planning stage),
   - offer to states the opportunity to set up an alternative process to the one FHWA traditionally has used for satisfying NEPA, and
   - leave unchanged the clean air conformity process and requirements of Section 4(f).

3. **Intelligent Transportation Systems (ITS):** Existing FHWA program guidance from 1998 (FHWA has no existing ITS regulations):
   - requires all states and regions to consider ITS when choosing projects for programming.

   The proposed new regulations would:
   - expand the requirement to consider ITS features and projects during updates of plans and programs as well as choice of projects for programming,
   - set up national ITS standards to which states and regions would have to conform, to promote technology transfer and interoperability nationwide, and
   - define standard data to be collected for nationwide comparison.

California's Consensus Comments

California's joint comments suggested general support for the direction in which FHWA proposes to go but expressed concern that the new regulations, as drafted, would go too far in some areas and not far enough in others. The joint comments laid out a set of principles to help FHWA understand where California is coming from and guide revisions to the proposed regulations:

- focus federal efforts on achieving the investment intent of TEA-21 in an environmentally sound way, to protect the environment and expedite delivery of projects;
- seek to streamline the federal process, not add more complications;
- allow flexibility for differences among the 50 states and their metropolitan regions;
- provide more certainty and predictability in federal processes, especially dealing with NEPA;
- focus the federal role on defining objectives and a program framework and sharing best practices from around the country and away from detailed process, data requirements, and mandated methods; and
- tackle reform of too-restrictive federal parkland preservation (Section 4(f)) regulations.

The joint comments also made more specific points in four key areas:

1. **Planning and Programming Process:** State and regional agencies need relief from federal processes and requirements that have become too complex and procedural, impeding the ability to complete and implement transportation plans and programs in a timely manner. These regulations do not provide substantive improvements to achieve that objective. In fact, the new regulations go beyond Congressional intent expressed in TEA-21, risk moving requirements for consultation over the line to become requirements for consensus or ability to veto, and tighten air quality conformity rules to where federal transportation funds needed to attain and maintain clean air in a region are lost rather than withheld during periods when air quality conformity lapses.

2. **Environmental Streamlining:** While the opportunities to get federal resources agencies involved earlier during planning, make broader, system-level decisions in planning that can be carried forward into project-level NEPA studies, and set up an alternative NEPA process, all offer promise for much needed streamlining of the federal environmental process. The regulations need to contain stronger assurances that these steps can be made to work in practice. They fail to ensure that federal resources agencies will get involved early and, in fact, leave intact most prior procedures that have allowed the current practice of involvement late in the process; they offer hope, but no assurance, that decisions made and documented during planning will, in fact, be respected later during NEPA studies on projects.

3. **Environmental Justice and Equity:** The proposed regulations properly establish environmental justice as one among many factors that must be considered during regional and statewide transportation planning but go too far in describing procedures and data requirements to accomplish this. Federal regulations should focus on a framework and standards for analysis, but allow states and regions to tailor consideration of environmental justice to fit their own individual situations. Federal regulations should ensure the objective that environmental justice is fully considered, while avoiding becoming a procedural tool to pursue unproductive litigation.

4. **Intelligent Transportation Systems:** The basic requirements to consider ITS during planning and deploy ITS via mainstreaming into existing programs make sense, but the regulations must allow flexibility for unpredictable evolution of technology and the need to customize ITS deployment to fit particular situations in various states and regions. In the area of technological innovation, one size cannot fit all; a nationwide mandate will stifle innovation, so a federal role limited to nationwide examination and sharing of new practices offers the best promise for advancement.

The comments also addressed one additional concern which FHWA regulations will not be able to reconcile. California has long sought for FHWA and other federal agencies to delegate environmental review under NEPA to comparable state agencies under the umbrella of CEQA (California Environmental Quality Act). This would seem to make sense given that CEQA is tougher about environmental mitigation that NEPA is. In fact, Congress considered this proposal when it was developing TEA-21, but rejected it. The Transportation Committee leadership in Congress realized that delegation of NEPA would have forced the TEA-21 bill to go through hearings and mark-up in Environmental Committees, and they were not willing to take that path. Given this history, no federal agency would likely propose, on its own, to delegate its NEPA responsibilities to state agencies. Perhaps California can devise an alternative NEPA process under these new FHWA regulations that could get to essentially the same place by coming in the back door. That one opportunity alone helps explain why California's comments were generally supportive of FHWA's proposed new regulations.

Comments from Other States and Regions

Other agencies around the country have commented too, some against and some supportive. The American Association of State Highway and Transportation Officials (AASHTO), representing all state departments of transportation, vigorously opposed the proposed regulations despite 15 dissenting state members including California. AASHTO's position decried increased project requirements, decreased authority for states and metropolitan regions to make decisions, more unfunded federal mandates, and increased basis for litigation. The Association of Metropolitan Planning Organizations (AMPO), representing all regional agencies nationwide, spoke supportively of the intent of the new regulations. At the same time AMPO did express concerns about new grounds for litigation, inconsistent application of detailed regulations around the country, added costs for urban regions, and more duplication across planning and NEPA.

AASHTO asked Congress to hold hearings, to send FHWA back to the drawing boards for new regulations. Both Senate and House held hearings in September, at which various Senators and Representatives told FHWA that its regulations proposed too much consultation and too much data, failed to ensure streamlined and coordinated environmental reviews, and set no time limits for its process, instead just confessing to delays. The Council on Environmental Quality, representing the President at the hearings said it wanted federal agency regulations that foster excellent action, not excellent paperwork, and called FHWA's proposal to allow states to design an alternative NEPA process revolutionary and potentially exciting. However, after the close of its hearings, Congress gave no clear direction to FHWA about its pending regulations.

Next Steps Toward Final Regulations

FHWA indicated it intended to bring out final regulations by December 2000. Given the Congressional hearings, the lack of direction therefrom, and the contentious opposition generated in comments from around the country, FHWA's timetable may be problematic, and final regulations may end up being developed under a new administration during 2001.