CALIFORNIA TRANSPORTATION COMMISSION

2006 ANNUAL REPORT TO THE CALIFORNIA LEGISLATURE
ACTIVITY AND ACCOMPLISHMENTS

CALIFORNIA
TRANSPORTATION
COMMISSION

On the cover:

The collage of toll bridge seismic retrofit construction, the Pacific Surfliner along the coast, and construction of SR 125 in San Diego demonstrate some of the breadth of the Commission's investments in California's transportation infrastructure (Caltrans)

The California Transportation Commission is an independent state commission responsible for programming and funding several billion dollars annually for transportation projects in California in partnership with the California Department of Transportation (Caltrans) and regional transportation agencies. The Commission is also responsible for advising the California Secretary of Business, Transportation and Housing Agency and the California Legislature on key transportation policy matters.

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State Transportation Improvement Program (STIP)

State law requires the Commission to update the State Transportation Improvement Program (STIP) biennially, with each new STIP adding two new years to prior programming commitments. The Commission adopted the 2006 STIP, covering the five-year period through 2010-11, in April 2006. The development of the 2006 STIP began with the adoption of the Fund Estimate in September 2005, as described in the Commission's 2005 Annual Report. As noted in that report, the 2006 STIP differed from prior STIPs in that it required the selection of projects in three distinct categories, reflecting the restrictions on two of the STIP's three funding categories. Funding for rail and transit projects was virtually unrestricted, thanks to a recent run up in Public Transportation Account (PTA) revenues. At the same time, however, STIP funding for highway and road projects was severely restricted. The only State Highway Account (SHA) revenues now available to the STIP are the tribal gaming revenues paid to the SHA to repay prior SHA loans to the General Fund. All other SHA revenues now support state highway operating and maintenance costs and the State Highway Operation and Protection Program (SHOPP). Proposition 42 Transportation Investment Fund (TIF) revenues were limited because the 2004-05 Budget suspended TIF transfers that the 2004 STIP had anticipated. Meanwhile, the federal transportation reauthorization enacted in 2005 had somewhat reduced the level of federal funding for Transportation Enhancement (TE) projects.

Despite restrictions on the various STIP funding sources, the STIP is a single program, subject to statutory geographic distribution formulas without regard to funding type. As a result, the Commission received 2006 STIP funding proposals that were consistent with the overall capacity available, yet were far out of balance with the 2006 STIP's funding restrictions. As a result, the STIP adopted in April 2006 left some $730 million in PTA transit funding unprogrammed while about $780 million in proposed highway and road projects were left out of the STIP for lack of funding. Since the initial adoption, STIP amendments have reduced the PTA unprogrammed balance to $629 million.

In November 2006, the voters approved Proposition 1B, the $19.9 billion transportation bond measure that included a $2 billion authorization for augmentation of the STIP. In December 2006, the Commission inaugurated a special STIP programming cycle to program that $2 billion without waiting for the 2008 STIP. The 2006 STIP Augmentation will allow for both the advancement of projects already in the STIP and for the addition of new projects.

STIP Development Process

The California Transportation Commission exercised its option under state law to delay the development of the 2006 STIP because of pending state and federal legislation that would have a significant impact on the STIP Fund Estimate. In this case, the delay was by one month, to take into account final action on the schedule of state funding for the Toll Bridge Seismic Retrofit Program mandated by AB 144 (2005) and final action on the federal reauthorization act (SAFETEA-LU).

With the delay, the Commission adopted the Fund Estimate on September 29, 2005. Regional agencies and Caltrans made their STIP proposals, through the Regional Transportation Improvement Programs (RTIPs) and the Interregional Transportation Improvement Program (ITIP), by January 30, 2006. The Commission subsequently held two public hearings on the STIP proposals, one on March 9 in Los Angeles and the other on March 15 in Sacramento. The Commission staff issued its STIP recommendations on April 7, and the Commission adopted the 2006 STIP on April 27.

The 2006 STIP Fund Estimate included new capacity of $1.926 billion--$116 million in federal Transportation Enhancement (TE) funds, $1.355 billion from the state Public Transportation Account (available only for public transit projects), and $455 million from sources available for highway and road projects. In addition, the programming of the 2006 STIP consisted of reprogramming and rescheduling $3.984 billion in projects carried forward from the 2004 STIP. Under the Fund Estimate, most highway and road projects were subject to delay of a year or more to meet funding constraints.

STIP Adoption

When the Commission adopted the 2006 STIP in April, it included:

- $3.82 billion in highway and road programming, for a net increase of $452 million. Another $780 million in project proposals could not be included.
- $1.01 billion in rail and transit projects, including all $625 million in new projects proposed that were eligible for funding from the Public Transportation Account. That left $730 million in Fund Estimate capacity unprogrammed and available for future STIP amendments.
- $345 million in Transportation Enhancement projects and reserves, for a net increase of $112 million.

The following is a breakdown of 2006 STIP programming by funding category and fiscal year, including amendments through November 2006:

Summary Of 2006 STIP Programming ($ in millions)						
	2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**Total**
Enhancement (TE)	$65	$80	$71	$65	$62	$342
Transit (PTA)	281	539	256	40	5	1,121
Roads (TIF,TDIF,SHA)	546	898	987	678	706	3,815
Total	**$892**	**$1,517**	**$1,314**	**$783**	**$773**	**$5,278**

The figures cited above do not include projects programmed in the 2004 STIP for 2005-06 or earlier, and they do not include programmed cash outlays for debt service on GARVEE bonds or scheduled AB 3090 cash reimbursements to local agencies for advancing their own funds for STIP projects.

2006 STIP Augmentation

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by voters as Proposition 1B on the November 7, 2006 ballot, authorized $2 billion in general obligation bond proceeds to be available to augment STIP funds from other sources. Under the Bond Act, bond proceeds are deposited in the newly created Transportation Facilities Account (TFA) and shall be available, upon appropriation by the Legislature, in the same manner as other STIP funds.

The Commission responded to this new funding authorization by inaugurating a special STIP development cycle to augment the 2006 STIP in advance of the development of the 2008 STIP. When the Commission adopted the 2006 STIP, funding constraints meant that many projects proposed in Regional Transportation Improvement Programs (RTIPs) and in the Interregional Transportation Improvement Program (ITIP) were either not programmed or were programmed for years later than the years the projects could be delivered. The Commission's primary intent for having a 2006 STIP Augmentation is to advance the programming of funds for STIP projects that Caltrans and local agencies can deliver prior to the adoption of the 2008 STIP. The Commission also intends to provide an early opportunity to program new STIP projects with the added capacity provided by the bonds.

The following schedule lists the major milestones for the development of the 2006 STIP Augmentation:

Caltrans presents draft Fund Estimate	November 8, 2006
CTC adopts Fund Estimate	December 14, 2006
Regions submit RTIPs	April 2, 2007
Caltrans submits ITIP	April 2, 2007
CTC STIP hearing, South	April 25, 2007
CTC STIP hearing, North	May 2, 2007
CTC publishes staff recommendations	May 17, 2007
CTC adopts STIP Augmentation	June 7, 2007

The Commission will develop the 2006 STIP Augmentation under the same guidelines that applied to the original 2006 STIP, supplemented by a set of policies and procedures specific to the STIP Augmentation that the Commission adopted in December 2006. Among those policies and procedures are the following provisions:

- **Availability of TFA bond revenues.** The Fund Estimate assumes for programming purposes that all potential TFA bond revenues are available in 2007-08. This means that STIP funding proposals in the 2006 STIP Augmentation will not be constrained by fiscal year. The Commission expects to program all STIP projects, including projects carried forward from the original 2006 STIP, in the fiscal year in which Caltrans or a local agency can deliver them. The actual availability of TFA bond proceeds will be subject to annual appropriation by the Legislature, and the Commission expects that the Legislature will consider the level of programming in making appropriations.
- **Transportation Enhancements (TE).** The 2006 STIP augmentation includes no new TE capacity. However, Caltrans and regions may propose TE amendments within existing capacity, including amendments to designate TE reserves for specific TE projects.
- **Limitations on planning, programming, and monitoring (PPM).** AB 2538 (2006) amended the statutes this year to permit regional agencies in all counties to receive up to 5 percent of their county shares for planning, programming, and monitoring. Under prior law, urban regional agencies receiving federal planning funds were limited to 1 percent. The Commission will program additional PPM within the higher limit as proposed for 2007-08 and later years in the STIP augmentation.
- **Commission expectations and priorities.** For the 2006 STIP Augmentation, the Commission expects to give first priority to the reprogramming of projects from the

original 2006 STIP and to projects that fulfill current unprogrammed share balances. The selection of projects for additional programming will be consistent with the standards and criteria in the STIP guidelines.

Because the Augmentation will be funded from long-term bonds, the Commission expects that all new road projects programmed in this cycle will be for new capacity, for operational improvements, or for roadway reconstruction projects with a design life of at least 30 years. This will generally exclude the addition of new local roadway rehabilitation projects. However, it will not preclude advancing the program year of roadway rehabilitation projects that are already in the STIP. The Commission expects to resume the programming of new local road rehabilitation projects in the 2008 STIP with new capacity identified from the Transportation Investment Fund (TIF).

2006 STIP Augmentation Fund Estimate

The 2006 STIP Augmentation Fund Estimate identifies net new capacity plus the unprogrammed carryover capacity from the original 2006 STIP Fund Estimate. The new capacity includes the TFA bond revenue and net changes in estimated revenues from other STIP sources. The changes are due primarily to changes in actual revenues for 2005-06, changes made in the 2006-07 Budget Act, and a revised assumption about the receipt of tribal gaming revenues. The Fund Estimate now assumes that tribal gaming revenues will accrue annually and that there will be no bonding against that revenue stream. This recognizes and is consistent with the 2006-07 Budget Act.

The following table summarizes the statewide funding available for new programming in the 2006 STIP Augmentation.

Statewide Capacity, 2006 STIP Augmentation ($ millions)			
	Carryover	New	Total
Transportation Facilities Account (Prop 1B Bond)	$0	$1,960	$1,960
Transportation Investment Fund/State Hwy Acct	7	33	40
Subtotal, Highway Capacity	$7	$1,993	$2,000
Public Transportation Account	629	3	632
Total STIP Capacity Available	$637	$1,996	$2,632

The Fund Estimate for the 2006 STIP Augmentation included a table of county shares and targets that took into account all carryover county and interregional shares balances as well as the new statewide capacity. The table on the following page includes the following four target amounts:

- **Base.** This is the current unprogrammed share for each county and the interregional program, without the addition of any new statewide capacity. The Commission expects to give priority to fulfilling these shares in the 2006 STIP Augmentation.
- **Highway Target.** This target is determined by calculating the STIP formula share of estimated revenues available for highways and other nontransit purposes (i.e., excluding Public Transportation Account revenues) through 2010-11. It is not a minimum, guarantee, or limit on project nominations or project selection in any county or region for the 2006 STIP Augmentation.
- **Total Target.** This target is determined by calculating the STIP formula share of all

available revenues, including Public Transportation Account revenues, through 2010-11. It is not a minimum, guarantee, or limit on project nominations or project selection in any county or region for the 2006 STIP Augmentation.

- **Maximum.** This target is determined by calculating the STIP formula share of all available revenues, including Public Transportation Account revenues, through the end of the county share period that extends beyond the STIP period, 2011-12. This represents the maximum amount that the Commission may program in a county, other than advancing future share to a county under 1 million population pursuant to Streets and Highways Code Section 188.8(j).

2006 STIP Augmentation Fund Estimate, Summary of Targets and Shares

2006 STIP Augmentation Programming ($1,000s)				
County	Base	Highway Target	Total Target	Maximum
	Current Unprogrammed Share	Target through 2010-11	Target through 2011-12	Estimated Share through 2010-11
Alameda	0	33,339	50,707	72,368
Alpine - Amador - Calaveras	0	3,252	6,192	9,859
Butte	11,760	19,249	22,571	26,713
Colusa	5,524	7,498	8,374	9,466
Contra Costa	37,335	62,720	73,977	88,017
Del Norte	2,669	4,558	5,395	6,440
El Dorado LTC	640	5,433	7,558	10,209
Fresno	0	9,796	21,797	36,765
Glenn	3,119	5,227	6,162	7,328
Humboldt	19,904	27,484	30,845	35,038
Imperial	2,966	15,629	21,245	28,249
Inyo	13,237	23,516	28,074	33,759
Kern	28,174	63,596	79,304	98,896
Kings	5,801	11,113	13,469	16,407
Lake	7,747	10,992	12,430	14,225
Lassen	11,139	15,958	18,095	20,761
Los Angeles	0	238,164	344,625	477,403
Madera	10,816	15,625	17,758	20,418
Marin	0	2,739	6,029	10,131
Mariposa	3,797	5,760	6,630	7,715
Mendocino	0	3,598	6,771	10,728
Merced	20,780	29,423	33,256	38,036
Modoc	3,609	6,168	7,303	8,719
Mono	8,054	15,665	19,040	23,250
Monterey	362	14,266	20,432	28,122
Napa	17,478	22,074	24,113	26,655
Nevada	0	238	2,018	4,238
Orange	47,401	119,787	151,887	191,923

County	Base	Highway Target	Total Target	Maximum
	Current Unprogrammed Share	Target through 2010-11	Target through 2011-12	Estimated Share through 2010-11
Placer TPA	0	0	0	0
Plumas	5,248	8,149	9,435	11,039
Riverside	116,000	167,816	190,794	219,453
Sacramento	0	32,927	47,903	66,582
San Benito	5,793	8,313	9,431	10,825
San Bernardino	64,107	131,542	161,448	198,746
San Diego	6,151	85,079	120,081	163,735
San Francisco	9,403	29,416	38,291	49,360
San Joaquin	11,681	29,286	37,093	46,831
San Luis Obispo	20,868	35,020	41,295	49,123
San Mateo	2,877	23,487	32,626	44,025
Santa Barbara	31,260	47,428	54,598	63,541
Santa Clara	0	37,207	57,542	82,903
Santa Cruz	369	8,424	11,997	16,452
Shasta	4,177	12,363	15,993	20,520
Sierra	2,622	3,987	4,593	5,348
Siskiyou	6,052	11,737	14,258	17,402
Solano	0	11,670	17,000	23,648
Sonoma	0	0	5,345	13,460
Stanislaus	20,823	34,457	40,503	48,044
Sutter	0	0	0	1,355
Tahoe RPA	5,957	8,008	8,917	10,051
Tehama	9,311	13,420	15,242	17,514
Trinity	4,860	7,814	9,125	10,758
Tulare	34,413	51,055	58,436	67,640
Tuolumne	681	4,039	5,528	7,386
Ventura	0	7,628	18,146	31,266
Yolo	0	5,701	8,612	12,243
Yuba	6,496	8,856	9,902	11,208
Statewide Regional	631,461	1,617,696	2,090,191	2,682,296
Interregional	23,093	382,696	542,168	741,063
TOTAL	**654,554**	**2,000,392**	**2,632,359**	**3,423,359**

	Carryover	New	Total
Statewide TFA (Prop 1B Bond) Capacity	0	1,960,000	1,960,000
Statewide TIF/TDIF/SHA Capacity	7,392	33,000	40,392
Subtotal, Highway Capacity	7,392	1,993,000	2,000,392
Statewide PTA Capacity	629,467	2,500	631,967
Total STIP Capacity Available	636,859	1,995,500	2,632,359

2006 Report on County and Interregional Share Balances

Section 188.11 of the Streets and Highways Code mandates that the California Transportation 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 ninth annual Report of STIP Balances, County and Interregional Shares.

This year's report was issued on July 31, 2006, and included all STIP amendments and allocations approved through the Commission's July 20, 2006 meeting. The share balances were based on the allocation capacity identified through 2010-11 in the 2006 STIP Fund Estimate, adopted in September 2005. The balances also include all current cash commitments made for AB 3090 cash reimbursements and for GARVEE debt service through the end of the next four year county share period, 2011-12.

The 2006 STIP differed from prior STIPs in that it required the programming of projects in three distinct categories, reflecting the restrictions of two of its major funding sources. The 2006 STIP Fund Estimate identified $1.9 billion in new capacity, with about $455 million available for highway projects, $1.355 billion for rail and transit projects from the Public Transportation Account (PTA), and $116 million for transportation enhancement (TE) projects. Under law, county shares are based on the total of STIP funding estimated from all sources—there are not separate shares for each source. STIP project proposals for the 2006 STIP, however, far exceeded available highway capacity and fell short of available PTA capacity. As a result, $740 million in statewide PTA funding capacity (as identified in the 2006 STIP Fund Estimate) remained unprogrammed, while the sum of unprogrammed county and interregional share balances stood at $759 million.

On the following pages are the report's summary of the status of all county shares and the interregional share, as reported at the Commission's August meeting. The full report also includes a summary for each individual county share and the interregional share. For each share, a summary in the full report identifies the carryover balance from June 30, 2005, any adjustments since July 1, 2005, and a listing of each project that is currently programmed from the share or that has been allocated from the share since July 2005.

SUMMARY OF STIP SHARE BALANCES July, 2006 ($1,000's)				
County	**Share Amount**	**Share Prgrammed**	**Unprogrammed Balance**	**Balance Advanced**
Alameda	$ 220,665	$ 212,490	$ 8,175	$ 0
Alpine-Amador-Calaveras	40,062	43,440	0	3,378
Contra Costa	132,802	88,802	44,000	0
Del Norte	5,093	2,424	2,669	0
El Dorado LTC	43,368	42,728	640	0
Fresno	99,340	117,494	0	18,154
Glenn	12,950	9,831	3,119	0
Humboldt	62,897	42,993	19,904	0
Imperial	70,906	67,940	2,966	0
Inyo	85,367	72,130	13,237	0
Kern	300,209	272,035	28,174	0
Kings	36,789	30,988	5,801	0
Lake	24,279	16,532	7,747	0
Lassen	31,483	20,344	11,139	0
Los Angeles	1,415,043	1,416,524	0	1,481
Madera	24,160	13,344	10,816	0
Marin	56,933	58,188	0	1,255
Mariposa	8,939	5,142	3,797	0
Mendocino	51,265	54,822	0	3,557
Merced	66,189	45,409	20,780	0
Modoc	10,909	7,300	3,609	0
Mono	53,640	45,586	8,054	0
Monterey	147,816	132,595	15,221	0
Napa	34,028	16,221	17,807	0
Nevada	24,541	28,316	0	3,775
Orange	493,843	419,942	73,901	0
Placer TPA	40,769	109,928	0	69,159
Plumas	17,096	11,848	5,248	0
Riverside	497,328	381,328	116,000	0
Sacramento	102,113	102,956	0	843
San Benito	19,400	13,607	5,793	0
San Bernardino	539,003	474,896	64,107	0
San Diego	437,069	433,768	3,301	0
San Francisco	79,963	70,560	9,403	0
San Joaquin	126,823	98,992	27,831	0
San Luis Obispo	114,738	93,946	20,792	0
San Mateo	124,249	110,372	13,877	0
Santa Barbara	180,498	149,238	31,260	0
Santa Clara	180,232	188,878	0	8,646
Santa Cruz	90,247	76,741	13,506	0
Shasta	47,612	43,435	4,177	0
Sierra	7,038	4,222	2,816	0

County	Share Amount	Share Prgrammed	Unprogrammed Balance	Balance Advanced
Siskiyou	31,010	24,958	6,052	0
Solano	68,821	63,171	5,650	0
Sonoma	132,457	148,291	0	15,834
Stanislaus	126,583	105,760	20,823	0
Sutter	26,264	31,063	0	4,799
Tahoe RPA	15,218	9,261	5,957	0
Tehama	22,986	13,087	9,899	0
Trinity	27,135	22,275	4,860	0
Tulare	139,881	105,468	34,413	0
Tuolumne	18,839	18,158	681	0
Ventura	167,515	181,600	0	14,085
Yolo	29,933	30,797	0	864
Yuba	18,614	12,118	6,496	0
Statewide Regional	**$7,054,910**	**$6,468,958**	**$ 731,782**	**$ 145,830**
Interregional	2,605,758	2,578,638	27,120	0
TOTAL	**$9,660,668**	**$9,047,596**	**$ 758,902**	**$ 145,830**

State Highway Operation and Protection Program (SHOPP)

The State Highway Operation and Protection Program (SHOPP), as mandated in Government Code Section 14526.5, is the four year program of projects designed to maintain the safety and integrity of the state highway system. The Department of Transportation (Caltrans) was due to submit the 2005 update of its Ten-Year State Highway Operation and Protection Plan (SHOPP Plan) to the Commission by January 31, 2005 for approval and transmission to the Governor and Legislature by May 1. Caltrans never formally submitted the plan to the Commission or the Legislature in 2005, though Caltrans did make oral presentations of its findings of SHOPP need for the purpose of developing the 2006 State Transportation Improvement Program (STIP) Fund Estimate at the March 2005 Commission meeting. In this informal SHOPP Plan, Caltrans identified funding needs of $29.7 billion (in 2004 dollars) for the ten years from 2006-07 through 2015-16, excluding project development costs of about 30 percent.

This identification of need was based on achieving specific performance goals identified in the plan, including reducing the number and severity of collisions, improved trip reliability, and increased mobility by addressing system operational deficiencies.

From this overall need, Caltrans recommended and the Commission approved a constrained Fund Estimate SHOPP funding level of $1.73 billion per year (in 2004 dollars), excluding project development, for the five-year period of the 2006 Fund Estimate, 2006-07 through 2010-11. This recommendation, according to Caltrans, would address emergency, mandated, and safety issues; rehabilitate the existing state highway system sufficient to maintain it at its current level of service; and delay beyond the Fund Estimate period other rehabilitation activities that would reduce the amount of distressed pavement or the number of deficient bridges. Caltrans would then focus on the most critical roadways and bridges, using preservation strategies in lieu of more costly major rehabilitation.

When the Fund Estimate was developed, it became clear that even this constrained level (about 62.5 percent of the identified four-year SHOPP need) could be supported only if all available State Highway Account (SHA) funding was earmarked for the SHOPP. In the end, the Commission adopted the 2006 STIP Fund Estimate assigning all State Highway Account revenue to the SHOPP and limiting the STIP to annual Proposition 42 transfers (which may not be used for the SHOPP) and transportation loan repayments.

Caltrans presented its draft 2006 SHOPP at the Commission's February 1, 2006 meeting. The draft SHOPP totaled $7.897 billion and included a $793 million reservation for unforeseen emergency and safety projects, and for congestion relief projects to implement portions of the Governor's Strategic Growth Plan.

The Commission informed Caltrans that it would not approve the 2006 SHOPP until the 2005 Ten-Year SHOPP Plan was formally submitted to the Commission and transmitted to the Governor and Legislature as required by statute. Caltrans transmitted the 2005 Ten-Year SHOPP Plan to the Legislature on March 15, 2006 and stated "Release of the Plan was delayed while the Administration worked to develop a final strategy that would address the funding needs identified in the Plan." Further, Caltrans explained, "Governor Schwarzenegger's Strategic Growth Plan (SGP) incorporates the needs defined in the Plan, and adds recently developed strategies to further focus on congestion reduction." The Commission approved the 2006 SHOPP at its March 16, 2006 meeting.

Background

Since 1998, Section 164.6 of the Streets and Highways Code has required Caltrans to prepare a biennial ten-year state rehabilitation plan for the rehabilitation and reconstruction of all state highways and bridges. 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 five years. According to statute, the ten-year plan is the basis for the annual Caltrans budget request and for the Commission's adoption of the biennial State Transportation Improvement Program (STIP) Fund Estimate.

With the concurrence of the Commission, Caltrans expanded the plan to include all elements programmed in the biennial four-year State Highway Operation and Protection Program (SHOPP), and the plan has come to be known as the Ten-Year SHOPP Plan. The SHOPP itself is the four-year program of projects designed to maintain the safety and integrity of the state highway system. The Ten-Year SHOPP Plan is prepared by Caltrans, submitted to the Commission by January 31 of odd-numbered years, and transmitted to the Governor and Legislature by May 1.

The initial Ten-Year SHOPP Plan, prepared in 1998, specified 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.

The next significant change occurred with the 2002 Ten-Year SHOPP Plan. Caltrans presented an unconstrained assessment of needs based on identified goals. It identified $22.3 billion in needs, excluding project development and escalation, about double the amount of funding called for in the 2000 Plan. Caltrans specifically noted the $22.3 billion was not a funding recommendation but only a total needs assessment.

Even though Caltrans reported increasing SHOPP needs, transportation funding was undergoing delays and diversions of funds. In the face of diminished transportation funding, the Commission chose to maintain the SHOPP funding level rather than reduce it. The Commission acknowledged at the time that the assigned cash flow level for the SHOPP was inadequate to meet the rehabilitation needs of the aging state highway system and that Caltrans would not be able to meet its goal to reduce deteriorated pavement to 5,500 lane-miles by 2008. The Commission also directed that 85 percent of the annual SHOPP funding be assigned to the safety, bridge preservation, roadway preservation, and mobility categories.

2005 Ten-Year SHOPP Plan and 2006 SHOPP Fund Estimate

The following chart identifies the SHOPP categories used for the 2005 SHOPP Plan and compares it to the annual funding level originally recommended for development of the 2006 Fund Estimate.

Comparison of 2006 SHOPP Recommendation to 2005 SHOPP Plan Needs ($ millions)		
SHOPP Category	**2005 SHOPP Plan Total Ten Years**	**2006 Fund Estimate Annual Average**
Emergency Response	$ 590	$ 59
Collision Reduction	3,130	340
Mandates	950	95
Bridge Preservation	3,232	250
Roadway Preservation	14,583	636
Mobility Improvement	4,660	240
Roadside Preservation	1,450	60
Facility Improvement	1,125	54
Subtotal, Primary SHOPP Categories (2004 dollars)	**$29,720**	**$1,734**
Minor Program	1,000	100
TOTAL	**$30,720**	**$1,834**

In presenting the 2005 SHOPP Plan to the Commission, Caltrans described the following ten-year goals:

- Emergency response: Restore roadway to full service within 180 days after major damage, including damage from earthquakes, floods, fires, and other emergencies.
- Collision reduction: Reduce the number of fatal and injury collisions by 10 percent (by 20 fatal and 610 injury collisions per year).
- Mandates: Comply with state and federal laws and regulations.
- Bridge preservation: Prevent road closures due to bridge failure. Reduce rehabilitation needs from 800 to 400 bridges.
- Roadway preservation: Reduce pavement rehabilitation needs of the system from 11,824 to 5,500 lane miles.
- Mobility improvement: Reduce trip time and improve trip reliability (reduce delay by 120 million vehicle-hours per year).
- Roadside preservation: Reduce long-term maintenance costs. Improve worker and traveler safety. Replace or rehabilitate 11,500 acres of landscape and irrigation system deficiencies.
- Safety roadside rests: Improve traveler safety and comply with Americans with Disabilities Act (ADA) and California Occupational Safety and Health Administration (CalOSHA) mandates (rehabilitate 70 existing and construct 36 new rest areas).
- Facility improvements: Address worker safety, CalOSHA requirements, and improve operation efficiency.

As described by Caltrans, the constrained $1.73 billion per year recommended for the 2006 Fund Estimate would:

- Fully fund all emergency response.
- Fully fund all identified safety improvements, initiate a proactive safety program, and complete all median barrier upgrades within five years.
- Fully fund all mandated programs to meet the statutory and regulatory time constraints imposed on each program. These include relinquishments, school noise attenuation, railroad crossing, hazard waste mitigation, storm water, and ADA curb compliance projects.
- Fully fund all bridge scour, bridge seismic and transportation permits projects, maintain the bridge rehabilitation needs inventory at 800 bridges, and address the most critical bridge widening and bridge replacement needs.
- Partially fund the roadway rehabilitation and pavement preservation programs to maintain the inventory of distressed pavement at its current level of 11,824 lane miles, and address the most critical needs in protective betterments, drainage corrections, and signs and lighting rehabilitation.
- Fully fund the Transportation Management System (TMS) program to provide the needed detection systems to improve system operations and implement transportation system performance measures. The recommended funding would also correct the highest priority operational improvements and keep the existing weigh stations functional and operating. Mobility improvements would reduce delay by 7 million vehicle-hours per year.
- Fully fund all identified worker safety maintenance access projects, roadside enhancements, and safety roadside rest areas to comply with current code and mitigation requirements.
- Partially fund highway planting to replace or rehabilitate 375 acres of distressed planting per year.
- Rehabilitate seven existing safety roadside rests per year to meet existing laws and regulations. No new rest areas will be constructed.
- Fully fund all equipment, maintenance, offices, and laboratory facilities sufficient to meet building codes and health and safety requirements, deferring improvements to operational efficiency.

As State Highway Account revenues available under the 2006 Fund Estimate proved inadequate to meet this recommendation, the final Fund Estimate constrained the 2006 SHOPP to the total amount of State Highway Account funding available, about $1.70 billion per year, plus project development and escalation. Costs were escalated at 8.3 percent for construction capital expenditures in 2005-06, then 3 percent thereafter, resulting in a SHOPP capital program of $10.0 billion over the five-year Fund Estimate period.

2005 Ten-Year SHOPP Plan and 2006 SHOPP

On March 16, 2006, Caltrans presented and the Commission approved the 2006 SHOPP. Caltrans built the 2006 SHOPP first by including nonallocated projects carried over from the 2004 SHOPP, programmed primarily in 2006-07 and 2007-08, and then by adding new projects, primarily programmed in 2008-09 and 2009-10. In addition, since the Commission was not able to allocate all SHOPP projects programmed in the 2004-05 and 2005-06, the difference was also reprogrammed in the first years of the 2006 SHOPP.

The following chart breaks out the SHOPP categories and compares the programmed funding in the 2006 SHOPP to the identified 2005 Ten-Year SHOPP Plan needs adjusted from the ten-year time frame to the same four-year time frame as the SHOPP.

Comparison of 2006 SHOPP to Identified 2005 Ten-Year SHOPP Plan Needs ($ millions)				
Category	**2006 SHOPP FY 06-07 to 09-10**			**2005 Ten-Year**
	Program	**Reservation**	**Total**	**SHOPP Plan FY 06-07 to 09-10**
Emergency Response	$ 112	$239	$ 351	$ 58
Collision Reduction	1,235	105	1,340	1,240
Mandates	555	89	644	267
Bridge Preservation	1,341	187	1,528	1,040
Roadway Preservation	2,377	0	2,377	6,634
Mobility Improvement	674	117	791	1,984
Roadside Preservation	225	11	236	525
Facility Improvement	193	5	198	196
Subtotal, Primary SHOPP Categories	**$6,712**	**$753**	**$7,465**	**$11,944**
Minor Program	431	0	431	400
TOTAL	**$7,143**	**$753**	**$7,896**	**$12,344**

As can be seen from the above chart, due to the constraints of the State Highway Account only $7.466 billion (62.5 percent) of the $11.944 billion primary four-year SHOPP need (excluding the Minor Program) can be financed. Caltrans increased the Emergency Response, Mandates and Bridge Preservation categories at the expense of the Roadway Preservation, Mobility Improvements and Roadside Preservation categories. As a result, Caltrans will be unable to reduce the 11,824 lane miles of distressed pavement or deficient landscaping and roadside rests. Also, the reduced funding for the Mobility Improvements category will result in limited traffic congestion relief.

2006-07 Budget Developments

The 2006-07 Budget (Chapters 47 and 48, Statutes of 2006) included a significant increase in transportation funding. The 2006-07 Budget fully funded the Proposition 42 transfer and provided for the early repayment of a portion of the prior Transportation Investment Fund suspensions. The budget also included the use of spillover revenue for transportation purposes, although none of the spillover was distributed according to the pre-existing statute. And, once again, the budget assumed revenue from the tribal gaming bonds will be available, however the outlook for the issuance of the bonds has not improved.

Proposition 42 Transfer

The 2006-07 fiscal year is the second consecutive year that the Schwarzenegger Administration and the Legislature have fully funded the transfer of gasoline sales tax revenue to the Transportation Investment Fund (this transfer is more commonly called the Proposition 42 transfer). The 2006-07 transfer to the Transportation Investment Fund is not just the second full transfer since the passage of Proposition 42 in 2002, but is just the second full transfer since the inception of the Transportation Investment Fund in 2000.

Funds transferred to the Transportation Investment Fund are distributed among the Traffic Congestion Relief Program, the Public Transportation Account, the State Transportation Improvement Program, and apportionments to cities and counties for local road rehabilitation. The 2006-07 Transportation Investment Fund transfer distribution is an estimated $1.42 billion:

- $678 million to the Traffic Congestion Relief Program to fund 141 projects earmarked in legislation (Traffic Congestion Relief Act of 2000; Chapter 91, Statutes of 2000).
- $148 million to the Public Transportation Account for mass transportation purposes. Half of these funds are apportioned to regional transportation planning agencies for mass transportation purposes through the State Transit Assistance Program, and half are available for the State Transportation Improvement Program.
- $593 million for the State Transportation Improvement Program.

Pursuant to Revenue and Taxation Code Section 7104(c)(4) the 2006-07 the Transportation Investment Fund distribution provides no local streets and road funding because the local streets and road funding was apportioned from the State Highway Account in 2001-02 when the General Fund transfer to the Transportation Investment Fund was suspended.

Funds transferred to the Transportation Investment Fund represent approximately seventy percent of the total sales tax revenue from the sales of gasoline. The remaining thirty percent is revenue from the sales tax on $0.09 of the gasoline excise tax and "spillover" revenue (see additional detail below). These revenues are deposited in the Public Transportation Account, although in recent years the majority of the spillover revenue has been diverted to the General Fund.

The outlook for future Transportation Investment Fund transfers was greatly improved when voters passed Proposition 1A in November 2006. Proposition 1A limits the conditions upon which the Proposition 42 transfer of gasoline sales tax revenue to the Transportation Investment Fund can be suspended. Proposition 1A also limits the suspension to twice within any ten year period and adds the condition that prior suspensions (excluding those prior to the passage of Proposition 1A) must be repaid with interest before another suspension can occur.

While Proposition 1A improves the outlook for transportation financing by improving the stability of transportation funding, Proposition 1A will not do the following:

1. Eliminate the diversion of gasoline sales tax from the Transportation Investment Fund via the Public Transportation Account spillover (see additional detail below).
2. Provide any additional funding for the State Highway Operation and Protection Program.

Early Repayment of Transportation Investment Fund Suspensions:

The 2006-07 budget transfers $1.415 billion from the General Fund to the Transportation Deferred Investment Fund as an early repayment of prior Transportation Investment Fund suspensions. This repayment represents $920 million that was due to be repaid in 2007-08 and $495 million that was due to be repaid in 2008-09.

The loan repayment to the Transportation Deferred Investment Fund includes $1.215 billion from the General Fund plus a transfer of $200 million in spillover revenue. Under prior statute, this spillover revenue would have been deposited in the Public Transportation Account, with half of the spillover revenue apportioned to regional transportation planning agencies for mass transportation purposes through the State Transit Assistance Program and half available for the State Transportation Improvement Program.

The distribution of the Transportation Deferred Investment Fund is similar to that of the Transportation Investment Fund:

- $321 million to the Traffic Congestion Relief Program.
- $214 million to the Public Transportation Account.
- $440 million for apportionments to cities and counties for local road rehabilitation.
- $440 million for the State Transportation Improvement Program.

Outstanding Transportation Investment Fund Suspensions:

Following the $1.415 billion repayment in 2006-07, the General Fund will owe $746 million from prior Transportation Investment Fund suspensions. This money will be transferred to the Traffic Congestion Relief Program via the Transportation Deferred Investment Fund. Pursuant to Proposition 1A (2006), this debt of must be repaid by June 30, 2016 with annual repayments of no less than one-tenth the total balance due. The 2006 Fund Estimate Augmentation, adopted by the Commission in December, assumes this repayment will occur in nine annual payments of approximately $83 million beginning in 2007-08.

Tribal Gaming and Traffic Congestion Relief Fund Loan Repayments:

When Proposition 42 revenues were suspended in conjunction with the 2004-05 budget, $1.2 billion in revenues from tribal casino revenue bonds were offered as an alternative funding source for transportation. The bond revenue, which was scheduled as part of the 2004-05 budget, was to repay previous loans from the Traffic Congestion Relief Fund to the General Fund. The bonds, however, were tied up in litigation and the revenues were rebudgeted for 2005-06 at a reduced revenue estimate of $1 billion. As the 2005-06 fiscal year drew to a close, the bonds remained in litigation with no issuance in sight. Therefore, the Administration elected to transfer $151 million in revenue from the tribal casino compacts to the Traffic Congestion Relief Fund in advance of the delayed bond issuance. This $151 million was used to repay funds loaned from the State Highway Account to the Traffic Congestion Relief Fund. The 2006-07 budget assumed $849 million ($1 billion originally assumed in 2005-06 less $151 million paid in 2005-06) in revenue from the tribal gaming bonds would be available in 2006-07 and would be distributed in the following priority order:

- $322 million to the State Highway Account.
- $290 million to the Traffic Congestion Relief Program.
- $237 million to the Public Transportation Account.

Had this bond revenue been received, the General Fund would still owe:

- $38 million to the Public Transportation Account.
- $192 million to the Traffic Congestion Relief Program.

Presently, the outlook for issuance of tribal gaming bonds has not improved. Therefore the 2006 Fund Estimate Augmentation, adopted by the Commission in December, assumes this debt will be repaid in annual payments of $100 million beginning in 2006-07 using revenue from the tribal casino compacts. The statutory priority order for these annual repayments is the same as the priority order for repayment if the bonds are sold (Government Code section 63048.63):

1. $292 million to the State Highway Account (plus interest).
2. $290 million to the Traffic Congestion Relief Program.
3. $275 million Public Transportation Account.
4. $192 million to the Traffic Congestion Relief Program.

Spillover:

The spillover is a statutory provision that dates back to 1971 when the state sales tax was first extended to gasoline. At that time, the Transportation Development Act extended the sales tax to gasoline and simultaneously reduced the state sales tax by 1⁄4 cent and created a new 1⁄4-cent sales tax that went to county local transportation funds, primarily for local transit. In concept, the extension of the sales tax to gasoline was supposed to go to transportation, with the gasoline sales tax revenue just compensating for the shift of the 1⁄4 cent from the state General Fund to local transportation funds. In fact, the gasoline sales tax generally exceeded the 1⁄4 cent going to local transportation funds, and it could exceed them by more when the ratio of gasoline sales-to-total sales grew. The Legislature included a provision in the law requiring that any state revenues resulting from this tax change to be used for transportation purposes (Revenue and Taxation Code section 7102). The extra tax revenues compromise the spillover. The legislature transferred spillover funds to the Transportation Planning and Research Account, later redesignated the Transportation Planning and Development Account, and finally renamed the Public Transportation Account.

In 1990, Proposition 116 enacted an initiative statute designating the Transportation

Planning and Development Account, later renamed the Public Transportation Account, as a trust fund. It further specified that provisions of statute governing its purposes and the sales tax transfers to the Account, including the spillover, were not to be changed except by a two-thirds vote of each house of the Legislature, and then only to further the purposes of the statutes as amended by Proposition 116. Under existing statute, fifty percent of the spillover revenue is to be apportioned to regional transportation planning agencies for mass transportation purposes through the State Transit Assistance Program, and fifty percent is to remain in the Public Transportation Account available for the State Transportation Improvement Program. Nevertheless, the Legislature has amended the statutes for every year from 2001-02 through 2006-07 to divert the spillover to other purposes.

The estimated 2006-07 distribution of spillover revenue is:

- $200 million to the Transportation Deferred Investment Fund as a part of the aforementioned early repayment of Transportation Investment Fund suspensions.
- $125 million to the Bay Area Toll Authority.
- $20 million for Agricultural Industries Transportation Services (farm worker transportation grants).
- $13 million to the High Speed Rail Authority.
- Remaining revenue (an estimated $310 million at the time the 2006-07 budget was enacted) will be divided as follows:
  - Eighty percent (approximately $248 million) to be apportioned through the State Transit Assistance Program.
  - Twenty percent (approximately $62 million) to remain in the Public Transportation Account for State Transportation Improvement Program projects.

The level of State Transit Assistance funding in 2006-07, including the spillover funding, is projected to be over $600 million in 2006-07. This is considerably higher than the 2005-06 level of approximately $201 million. In fact, the first quarter 2006-07 State Transit Assistance apportionment of nearly $156 million was over seventy-seven percent of the total State Transit Assistance funds that were apportioned in 2005-06.

Traffic Congestion Relief Program

Governor Schwarzenegger's 2006-07 Budget, in keeping with both the Governor's and Legislature's commitment to the Traffic Congestion Relief Program (TCRP) as displayed in 2005-06, included the transfer of $678 million in Proposition 42 funding made available for allocation to TCRP projects. In addition, the 2006-07 Budget provided $321 million, in early partial repayment of past loans from Proposition 42 to the General Fund, for a total of $999 million in available revenue. Tribal gaming bond funds of $290 million, originally included in the 2005-06 Budget, were also "rolled-over" into the 2006-07 Budget. However, these revenues have not been received due to legal challenges, and the timing and amount of these revenues remain uncertain. Excluding the Tribal gaming bond funds yet to be realized, a total of $999 million in funding is available for allocation to TCRP projects.

The California Transportation Commission allocated $525 million to TCRP projects from March through November 2006. Based on this information, in March 2006 the Commission took an aggressive stance and resumed allocations against the amount proposed. It is anticipated that the remaining $474 million in allocation capacity will be requested through the remainder of 2006-07.

Background

The TCRP is the $4.9 billion commitment to 141 specific projects designated by the Governor and the Legislature as part of the Traffic Congestion Relief (TCR) Act of 2000 (AB 2928 and SB 1662). The TCRP is funded through the Traffic Congestion Relief Fund (TCRF), which was created by the TCR Act for that purpose. The TCRP was scheduled to be funded through the TCRF with:

- $1.595 billion in 2000-01 from a General Fund transfer and directly from gasoline sales tax revenues.
- $3.314 billion in transfers from the Transportation Investment Fund (TIF), originally over the years from 2001-02 through 2005-06, and later changed to 2003-04 through 2007-08. The transfers were to be $678 million per year for the first four years and the balance of $602 million in the fifth year.

Subsequently, $1.543 billion of the General Fund contribution was borrowed back from the TCRF by the General Fund. Today, that loan balance stands at $1.222 billion. The 2006-07 Budget provided repayment of $321 million against the loan.

Under Proposition 42 (2002), the scheduled General Fund transfers to the TIF could be suspended only upon a declaration by the Governor and with the approval of both houses of the Legislature by a two-thirds vote in a bill separate from the budget act. Both Governors Davis and Schwarzenegger suspended Proposition 42 transfers in 2003-04 and 2004-05, with just enough transferred to make reimbursements for prior TCRP allocations. The amounts suspended were rescheduled by legislation for repayment through the Transportation Deferred Investment Fund (TDIF) in 2007-08 and 2008-09.

Passed in November 2006, Proposition 1A addressed the previous suspensions and authorizes the repayment, with interest, of the amount of any revenues that were not transferred as a result of the suspension back to the TIF. Proposition 1A prohibits a suspension of the transfer of these revenues from occurring more than twice during any period of ten consecutive fiscal years, and prohibits a suspension in any fiscal year in which a required payment from a prior suspension has not yet been fully completed.

Proposition 1A also requires payments to be made from the General Fund to the TIF relative to a portion of the revenues that were not transferred due to any suspension of transfer of funds occurring on or before July 1, 2007. Any amount of revenues that are not transferred from the General Fund to the TIF as of July 1, 2007, shall be transferred from the General Fund to the TIF no later than June 30, 2016, not be less than one-tenth transferred. With the passage of Proposition 1A, $740 million of the total $1.222 million outstanding loan repayment would be repaid over nine years at approximately $83 million per year through 2016-17.

The remaining loan balance of $482 million is to be repaid by revenues provided from the Tribal Gaming bond funds. The 2006-07 Budget included tribal gaming bonds that were to provide $290 million, with an additional $192 million to be repaid at a later date. However, legal challenges have kept the timing and amount of revenues to be realized from Tribal gaming funds uncertain

The last transfer of Proposition 42 funds to the TCRP in the amount of $602 million is scheduled for 2007-08.

Program Status

As of December 2006, the Commission had approved $4.365 billion in TCRP project applications, including at least one application for each of the 141 designated projects. An application defines the scope, cost, and schedule of a particular project or project phase. Application approval is equivalent to project programming and generally includes project expenditures planned for future years.

Of the $4.365 billion in application approvals, the Commission had approved $2.594 billion in project allocations. The Commission anticipates an additional request for allocation in 2006-07 in the amount of $22 million for a previously approved Letter of No Prejudice (LONP). An LONP allows the regional or local entity to expend its own funds for any component of the transportation project. The agency is reimbursed for its expenditure of funds upon allocation by the Commission when sufficient funds are available in the TCRF to make the allocation.

Last year, Caltrans reported to the Commission that $1.354 billion had been expended and invoiced through November 2005. Caltrans reports that, since that time, another $344 million has been expended and invoiced, bringing the total through October 2006 to $1.698 billion.

2006-07 Allocations

As of December 2006, the Commission has allocated $525 million of the $999 million available to 53 TCRP projects, including reimbursement of approximately $4 million for an approved Letter of No Prejudice (LONP).

- Allocations of new funding to TCRP projects **- $521 million**
  - o Allocations for construction on TCRP projects that can have a 2006-07 construction or procurement contract executed within six months of allocation **- $381 million**
  - o Allocations to TCRP projects with non-construction starts in 2006-07 **- $140 million**
- Reimbursement of completed TCRP projects that have an approved LONP **- $4 million**

As a result, with $22 million reserved to reimburse approved LONPs scheduled for completion in 2006-07, $452 million currently remains available for 2006-07.

TCRP applicant agencies provided, through the October 2006 biannual progress report, estimated dates when project components would be ready for an allocation of funds. Based on the information provided through the progress report, $766 million in allocation requests are anticipated through the reminder of 2006-07. Clearly, these projected allocation needs for the remainder of 2006-07 are greater than the $452 million still available for allocation.

2006-07 TCRP Project Allocations ($1,000's)		
TCRP #	**Project Description**	**Amount**
1.1	BART to San Jose; extend BART from Fremont to Downtown San Jose	$11,000
15	Route 24; Caldecott Tunnel; add fourth bore tunnel with additional	5,000
18	Route 101; widen eight miles of freeway to six lanes, Novato to Petaluma	1,600
27.2	Vasco Road ACE station commuter parking	1,210
30	Implement commuter rail service Cloverdale south to San Rafael & Larkspur	1,500
32.3	North Coast Railroad; repair and upgrade track to meet Class II standards	600
32.4	North Coast Railroad; Upgrade rail line to class 2 or 3 standards	2,126
32.5	NCRA; repair & upgrade track to meet Class II (freight) standards.	289
32.9	Meet Class II freight standards: (i) long-term stabilization proj.	6,826
36	Los Angeles Eastside Transit Extension	24,086
37.2	Light Rail Transit System along Exposition Boulevard	208,100
40	Route 10; add HOV lanes on San Bernardino Freeway Route 605 to Route 57	16,049
41.2	Route 5; HOV lane on Golden State Freeway	24,317
46	Route 1; reconstruct intersection at Route 107	467
47	Route 101; California Street off-ramp in Ventura County	120
54.3	Alameda Corridor East; Construct Passons Boulevard grade separation	16,200
55.1	Alameda Corridor East; grade seps on BNSF & UPRR lines, LA Co line/Colton	4,448
55.2	Alameda Corridor East; grade seps on BNSF & UPR rail lines	4,443
57	Route 215; add HOV lane	25,000
59	Route 10; Live Oak Canyon Interchange in the City of Yucaipa	330
60.2	Route 15; Southbound truck climbing lane at two locations in San Bernardino	9,140
74.1	Pacific Surfliner; Oceanside Double track	9,300
75.2	San Diego Transit Buses; Acquire CNG buses and passenger transit vans.	7,700

TCRP #	Project Description	Amount
80	Mid-Coast Light Rail; construct eleven-mile extension	1,300
83.2	Route 15; add high-tech managed lane on I-15 freeway - Freeway Elements	30,000
84	Route 52; build four miles of new six-lane freeway	20,000
85	Rte 56; const about 5 miles of new fwy alignment betwn I-5 & I-15	3,430
96	Friant Road; Widen to four lanes from Copper Avenue to Road 206	9,488
98	Peach Avenue; widen to four-lane arterial	50
102.3	Route 101 access; State Street smart corridor Advanced Traffic Corridor System	28
106	Campus Parkway; new arterial	590
108	Route 5; add northbound lane to freeway	6,240
112	Jersey Ave, widen from 17th St to 18th St	1,500
113	Route 46; widen to four lanes for 33 miles from Route 5 to San Luis Obispo County line	4,920
115	Extend light rail line from Meadowview Road to Cosumnes River College	3,000
116	Route 80 Light Rail Corridor; double-track Route 80 light rail line for express service	70
118	Sacramento Emergency Clean Air/Transportation Plan -- SECAT	23,600
122	Rte 65; widening project from 7th Standard Rd to Rte 190 in Porterville.	1,953
128	Airport Road; reconstruction project	375
129	Rte 62; utility undergrounding project in ROW of Rte 62.	240
140	City of Goshen; overpass for Route 99	306
141	Union City; pedestrian bridge over Union Pacific rail lines.	1,880
150	Renovation/rehabilitation of Santa Cruz Metro Center	800
156	Seismic retrofit and core segment improvements for the Bay Area Rapid Transit	11,530
Total	**$**	**521,051**

2006-07 TCRP Allocation Requests Anticipated ($1,000's)		
TCRP #	**Project Description**	**Amount**
1.2	Bart to San Jose	$ 398,567
12.1	Route 4 Study	5,000
18	Route 101 Novato Narrows Freeway Upgrade	13,800
22	Doyle Drive Replacement	6,000
30	Implementation of commuter rail passenger service	27,800
32.4	NCRA; upgrade rail line to class II or III standards.	2,774
32.5	NCRA; environmental remediation projects.	2,365
32.9	NCRA; long term stabilization.	1,036
38.2	North-South Bus Transit Project	18,000
41.2	HOV Lanes on Rte 5 from Rte 170 to Rte 118	6,109
43	Route 5; improve Carmenita Road Interchange	70,710
47	Route 101; California Street off-ramp in Ventura County.	1,000
54.3	Alameda Corridor East; Pico Rivera	3,500
55.1	Alameda Corridor East; Colton – Ramona	3,048
55.2	Alameda Corridor East; Ontario	100
55.3	Alameda Corridor East; SANBAG	25,800
59	Route 10; Live Oak Canyon Interchange	7,552

TCRP #	Project Description	Amount
74.3	Pacific Surfliner; Maintenance Yard	3,010
74.9	Santa Margarita River Bridge and Double Track	23,007
82.2	Rtes 5/805; reconst. & widen Fwy IC	6,000
87.2	Routes 94/125; build freeway connector ramps	536
91	Route 180 - Clovis Ave to Temperance Ave	7,439
95	Route 41; auxiliary lane and improve ramps	8,070
97.2	Operational Improvements on streets near CSU, Fresno	398
98	Peach Avenue; widen to four-lane	2,300
102.3	Route 101 access; Advanced Traffic Corridor System	922
103	Route 99; improve interchange	6,100
104	Route 99; Arboleda Road Freeway	587
105	Freeway Upgrade & Plainsburg Road I/C	2,200
106	Campus Parkway	22,410
114	Route 65; passing lanes & intersection improvement	4
116	Route 80 Light Rail Corridor	21,030
126	Route 50/Watt Avenue interchange	1,080
128	Airport Road; reconstruction and improvement	2,578
129	Route 62; utility undergrounding	115
146	Construction of Palm Avenue Interchange.	2,050
158.2	Intersection of Olympic Blvd/Mateo Street/Porter Street	595
	TOTAL	**$ 766,322**

Letters of No Prejudice

AB 1335 (2001) authorized the Commission to grant a Letter of No Prejudice (LONP) for a TCRP project, allowing a local agency to expend its own funds on the project and qualify for later reimbursement when, and if, sufficient cash becomes available in the Traffic Congestion Relief Fund (TCRF). AB 1335 also authorized the Commission to develop guidelines for LONPs. When AB 1335 was enacted, the TCRF had sufficient funding to support all TCRP allocations, and so there was no immediate demand for LONPs. However, the situation changed dramatically with the suspension of allocations and the suspension of Proposition 42 transfers beginning in 2003.

The Commission took action, in cooperation with the Department and regional and local agencies, to develop LONP guidelines and adopted them on August 14, 2003. At that time, the Commission reminded local agencies requesting LONPs that they proceed at their own risk because reimbursement is wholly dependent upon the availability of TCRF funding. Despite the risk, a number of local agencies found their TCRP projects to be of sufficiently high priority to proceed with local funds. The guidelines specified that up to 50 percent of the TCRP funding made available each fiscal year would be allocated for LONP reimbursements and that reimbursements generally would be made only upon completion of the project phase for which an LONP had been granted.

SB 66 (2005) required the Commission, by June 2006, to review and revise its LONP guidelines with regard to LONPs that were approved prior to June 30, 2005, particularly the provision limiting reimbursements to completed project phases. The bill also specified that the Commission's 50 percent maximum allocated for reimbursements may not be increased. On April 26, 2006, the Commission approved revised TCRP Guidelines as required in SB 66.

To date, the Commission has approved 25 LONPs for 25 projects and has allocated approximately $120 million to reimburse completed TCRP projects or completed phases of work that have an approved LONP. A total of $567 million remains to be reimbursed for ongoing TCRP projects with approved LONPs.

Reimbursed TCRP Approved Letters of No Prejudice Reimbursed ($1,000's)			
TCRP #	**Project Description**	**Phase(s)**	**Amount**
27.3	Alameda CMA, Vasco Rd, Alameda & Contra Costa (Valley Center parking)	Construction	980
37.2	L.A. MTA, Mid-City Transit Improvements; Mid-City/Expo. Light Rail Transit	Environmental	14,000
38.1	L.A. MTA, LA-San Fernando Valley Transit Ext. East-West Bus Rapid Transit	Construction	98,000
53	Los Angeles DOT, Automated Signal Corridors	Construction	500
59	SANBAG, Route 10; I-10/Live Oak Canyon Road Interchange	Environmental	250
74.5	San Diego NCTD, Pacific Surfliner; San Diego Co. (Encinitas passing track)	Construction	1,635
74.6	SANDAG, Pacific Surfliner; San Diego Co. (Leucadia Blvd Grade Separation)	Environmental	200
135	Sacramento Co, Rte 99/Sheldon Rd interchange, reconstruction & expansion	Design	3,000
152	South Pasadena Gold Line transit-oriented mixed-use development.	Construction	692
153	South Pasadena Gold Line utility relocation	Construction	550
	TOTAL		**$119,807**

TCRP Approved Letters of No Prejudice to be Reimbursed ($1,000's)			
TCRP #	**Project Description**	**Phase(s)**	**Amount**
1.2	Santa Clara VTA, BART Extension, Warm Springs to downtown San Jose	Design	$170,000
7.2	Santa Clara VTA, CalTrain; modify platform & Gilroy storage tracks	Env, Des, R/W	5,270
12.2	Contra Costa TA, Hercules Rail Station study and improvements	Env & Design	2,200
22	San Francisco TA, Rt 101; environmental study for reconstruction of Doyle Dr	Environmental	6,000
23	San Mateo TA, CalTrain Peninsula Corridor; grade separations	Design	3,000
27.1	Alameda CMA, Vasco Rd, Alameda & Contra Costa (Vasco Rd re-alignment)	Right of Way	6,350
33	Los Angeles MTA, Acquire low-emission buses	Construction	150,000
36	Los Angeles MTA, Los Angeles Eastside light rail line	Construction	166,914
37.2	Los Angeles MTA, Mid-City/Exposition Light Rail Transit	Design	16,700
51	Los Angeles MTA, Route 101/405 interchange improvements	Construction	1,790
52	Los Angeles MTA, Rte 405; HOV & aux. lanes, Waterford Ave to Route 10	Construction	9,648
58	SANBAG, Route 10; widen freeway through Redlands	Construction	5,704
63	Riverside CTC, Route 60; add 7 miles of HOV lanes west of Riverside	Construction	21,000
74.7	SANDAG, Pacific Surfliner; Encinitas Grade-Sep. Pedestrian Crossing	Environmental	1,248
97.2	CSU Fresno, Op imps on Shaw, Willow, Bullard & Barstow Aves	Des & R/W	714
	TOTAL		**$566,538**

Traffic Congestion Relief Program Funds ($ in thousands)					
TCRP#	**Project Description**	**Eligible**	**Approved**	**Allocated**	**Expended**
1.1	Extend BART from Fremont to Downtown San Jose (Fremont to Warm Springs)	$111,433	$111,433	$65,115	$22,817
1.2	Extend BART from Fremont to Downtown San Jose (Warm Springs to San Jose)	613,567	613,567	45,000	38,533
2	Fremont-South Bay Commuter Rail; acquire line, BART to San Jose (Alt project)	35,000	35,000	0	0
3	Route 101; widen fwy from 4 to 8 lanes south of San Jose, Bemal to Burnett	25,000	25,000	25,000	25,000
4	Route 680; northbound HOV lane over Sunol Grade, Santa Clara & Alameda Co.s	60,000	60,000	1,400	501
5	Rte 101; add northbound lane to freeway through San Jose, Rte 87 to Trimble Rd	5,000	5,000	5,000	5,000
6	Route 262; study, cross connector freeway, Rte 680 to Rte 880, Santa Clara Co.	1,000	1,000	1,000	1,000
7.1	CalTrain; expand service to Gilroy (2nd main track-- Damien & Lick)	22,000	22,000	22,000	22,000
7.2	CalTrain; expand service to Gilroy (modify platform & Gilroy storage tracks)	33,000	33,000	0	0

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
8	Route 880; reconstruct Coleman Ave Interchange near San Jose Airport	5,000	5,000	4,995	4,995
9.1	Capitol Corridor; improve, Oakland-San Jose (Harder Road under crossing)	600	600	600	600
9.2	Capitol Corridor; improve between Oakland and San Jose (Emeryville station)	642	642	642	642
9.4	Capitol Corridor; improve between Oakland and San Jose (track improvements)	23,725	23,725	23,725	18,805
10	Regional Express Bus; buses for services on HOV lanes, SF Bay Area	40,000	40,000	40,000	40,000
11	San Francisco Bay Southern Crossing; feasibility and financial studies	5,000	5,000	3,119	3,119
12.1	Bay Area Transit Connectivity: I-580 Corridor study and improvements	7,000	2,000	2,000	2,000
12.2	Bay Area Transit Connectivity: Hercules Rail Station study and improvements	3,000	2,300	100	100
12.3	Bay Area Transit Connectivity: Route 4 Corridor study and improvements	7,000	2,300	2,300	2,297
13	CalTrain Peninsula Corridor; rolling stock, improvements, San Francisco-San Jose	127,000	127,000	126,988	126,987
14	CalTrain; extension to Salinas in Monterey County	20,000	20,000	20,000	1,000
15	Route 24, Caldecott Tunnel; add 4th bore tunnel, Alameda & Contra Costa Co.s	20,000	20,000	20,000	11,043
16.1	Route 4 improvements, Contra Costa County (Railroad Rd)	25,000	25,000	25,000	25,000
16.2	Route 4 improvements, Contra Costa County (Love ridge Rd)	14,000	14,000	0	0
17	Route 101; add reversible HOV lane through San Rafael, Marin County	15,000	15,000	15,000	4,114
18	Rte 101; widen to 6 lanes, Novato to Petaluma (Novato Narrows), Marin & Sonoma	21,000	21,000	7,200	5,669
19	Bay Area Water Transit Authority; regional system beginning with Treasure Is, SF	2,000	150	150	150
20.1	San Francisco Mona 3rd St Light Rail: extend to Chinatown; (Bay shore ext.)	126,000	126,000	126,000	126,000
20.2	San Francisco Mona 3rd St Light Rail; extend Chinatown; (Central Subway)	14,000	14,000	14,000	5,000
21	San Francisco Mona Ocean Ave Light Rail; reconstruct to Rte 1 near CSUSF	7,000	7,000	7,000	7,000
22	Rte 101; environmental study for reconstruction of Doyle Dr, San Francisco	15,000	15,000	3,000	3,000
23	CalTrain; grade separations at Poplar, 25th, and Linden, San Mateo County	15,000	4,000	1,000	1,000
24	Vallejo Bay link Ferry; low-emission ferryboats to expand Vallejo-SF service	5,000	5,000	5,000	5,000

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
25.1	I-80/I-680/Rte 12 Interchange complex in Fairfield (MIS/Corridor Study)	1,000	1,000	1,000	1,000
25.2	I-80/I-680/Rte 12 Interchange complex in Fairfield (North Connector)	3,000	3,000	3,000	3,000
25.3	I-80/I-680/Rte 12 Interchange complex in Fairfield	9,000	9,000	9,000	5,553
26	ACE Commuter Rail; add siding on UPRR line in Livermore Valley in Alameda Co.	1,000	1,000	0	0
27.1	Vasco Rd, Alameda & Contra Costa (Vasco Rd re-alignment)	6,500	6,500	150	150
27.2	Vasco Rd, Alameda & Contra Costa (Vasco Rd ACE parking)	3,000	3,000	3,000	1,790
27.3	Vasco Rd, Alameda & Contra Costa (Valley Center parking)	1,500	1,500	1500	1,500
28	Parking Structure at Transit Village at Richmond BART Station	5,000	5,000	680	680
29	AC Transit; two fuel cell buses & fueling facility, Alameda and Contra Costa	8,000	8,000	8,000	6,722
30	Commuter rail service, Cloverdale to San Rafael & Larkspur, Marin-Sonoma	37,000	37,000	9,200	7,700
31	Route 580; HOV lanes, Tassajara Rd/Santa Rita Rd to Vasco Rd in Alameda Co.	25,000	25,000	7,000	4,787
32.1	North Coast Railroad; defray administrative costs	1,000	1,000	1,000	1,000
32.2	North Coast Railroad; complete rail line from Lombard to Willits	600	600	600	600
32.3	North Coast Railroad; complete of rail line from Willits to Arcata	1,000	1,000	1,000	400
32.4	North Coast Railroad; upgrade rail line to Class II or III standards	5,000	5,000	2,226	100
32.5	North Coast Railroad; environmental remediation projects	4,100	4,100	1,435	1,103
32.6	North Coast Railroad; debt reduction	10,000	10,000	10,000	10,000
32.7	North Coast Railroad; local match funds	1,800	0	0	0
32.9	North Coast Railroad; long term stabilization projects	31,000	31,000	6,826	0
33	Bus Transit; low-emission buses for Los Angeles County MTA bus transit service	150,000	150,000	0	0
34	Blue Line to Los Angeles; new rail line Pasadena to Los Angeles	40,000	40,000	40,000	40,000
35.1	Pacific Surfliner; run-through-tracks through LA Union Station	5,762	5,762	5,762	5,316
35.2	Pacific Surfliner; triple track intercity rail line within Los Angeles County	86,785	86,785	86,785	0
35.3	Pacific Surfliner; fifth lead track, Los Angeles County	7,453	7,453	7,453	1,391

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
36	Los Angeles Eastside Transit Extension; new light rail line in East Los Angeles	236,000	236,000	69,086	46,552
37.1	Los Angeles Mid-City Transit Improvements; Wilshire Bus Rapid Transit	6,200	6,200	6,200	6,200
37.2	Los Angeles Mid-City Transit Improvements; Mid-City/Exposition Light Rail Transit	249,800	249,800	233,100	22,569
38.1	Los Angeles-San Fernando Valley Transit Extension; East-West Bus Rapid Transit	145,000	145,000	145,000	145,000
38.2	Los Angeles-San Fernando Valley Transit Extension; North-South bus transit	100,000	2,000	2,000	2,412
39	Route 405; NB HOV lane over Sepulveda Pass, Rte 10 to Rte 101 in Los Angeles	90,000	15,000	15,000	7,892
40	Route 10; add HOV lanes over Kellogg Hill, near Pomona in Los Angeles County	90,000	90,000	28,149	3,774
41.1	Route 5; HOV lanes through San Fernando Valley (Segment 1, Rte 118 to Rte 14)	9,749	9,749	9,696	2,718
41.2	Route 5; HOV lanes through San Fernando Valley (Segment 2, Rte 170 to Rte 118)	40,251	40,251	34,142	2,827
42.1	Route 5; widen to 10 lanes in LA Co. (Segment A, Orange County to Rte 605)	109,000	109,000	6,000	1,955
42.2	Route 5; widen to 10 lanes in LA Co. (Segment B, Rte 605 interchange to Rte 710)	8,000	8,000	0	0
42.3	Route 5; widen to 10 lanes in LA County (Segment C, Rte 710 interchange)	8,000	8,000	0	0
43	Route 5; improve Carmelita Road Interchange in Norwalk in Los Angeles County	71,000	71,000	290	290
44	Rte 47 (Terminal Island Fwy); interchange at Ocean Blvd Overpass in Long Beach	18,400	18,400	18,400	17,199
45	Rte 710; Gateway Corridor Study, Los Angeles County	2,000	2,000	2,000	2,000
46	Route 1; reconstruct intersection at Route 107 in Torrance, Los Angeles County	2,000	817	817	817
47	Route 101; California Street off-ramp in Ventura County	15,000	726	726	606
48	Route 101; corridor study, Route 170 (Los Angeles) to Route 23 (Thousand Oaks)	3,000	3,000	3,000	3,000
49.1	Hollywood Intermodal Transportation Center at Highland Ave & Hawthorn Ave	2,850	2,850	2,850	350
49.2	Hollywood Intermodal Transportation Ctr at Highland Ave & Hawthorn Ave - ATCS	7,150	0	0	0
50	Route 71; complete 3 miles of 6-lane freeway through Pomona, Los Angeles Co.	30,000	4,800	4,405	4,405
51	Route 101/405; add aux. lane & widen ramp through interchange, Sherman Oaks	21,000	9,990	8,200	7,598
52	Route 405; HOV & aux. lanes in West Los Angeles, Waterford Ave to Route 10	25,000	25,000	0	0

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
53	Automated Signal Corridors (ATSAC); Victory/ Ventura, Sepulveda Blvd & Rte 118	16,000	16,000	16,000	15,075
54.1	Alameda Corridor East; grade separations, Los Angeles County	130,300	130,300	130,300	48,300
54.3	Alameda Corridor East; grade separations, Los Angeles County (Pico Rivera)	19,700	19,700	16,200	0
55.1	Alameda Corridor East; grade separations, San Bernardino County (Montclair)	18,800	12,036	8,988	2,251
55.2	Alameda Corridor East; grade separations, San Bernardino County (Ontario)	34,178	34,178	5,000	557
55.3	Alameda Corridor East; grade separations, San Bernardino County (SANBAG)	42,022	34,060	8,610	4,541
56	Metro link; track & signal improvements, San Bernardino Line, San Bernardino Co.	15,000	15,000	14,188	14,188
57	Route 215; HOV lanes through downtown San Bernardino, Rte 10 to Rte 30	25,000	25,000	25,000	0
58	Route 10; widen freeway through Redlands, Route 30 to Ford Street	10,000	10,000	4,296	4,019
59	Route 10; Live Oak Canyon Interchange, Yucaipa, San Bernardino County	11,000	11,000	3,448	2,867
60.1	Route 15; southbound truck climbing lane at 2 locations in San Bernardino Co.	860	860	860	859
60.2	Route 15; southbound truck climbing lane at 2 locations in San Bernardino Co.	9,140	9,140	9,140	
61	Route 10; reconstruct Apache Trail Interchange east of Banning in Riverside Co.	30,000	3,900	1,222	1,222
62	Route 91; HOV lanes through downtown Riverside (Mary St to University Av)	20,000	15,700	3,700	2,689
62.1	Route 91; HOV lanes through downtown Riverside (University Av to Route 60/215)	20,000	20,000	20,000	1,773
63	Route 60; add 7 miles of HOV lanes west of Riverside, Rte 15 to Valley Way	25,000	25,000	4,000	4,005
64.1	Route 91; Green River interchange, ramp to northbound Route 71 in Riverside Co.	5,000	590	0	0
70.1	Route 22; HOV lanes, Route 405 to Route 55 in Orange County (Sound wall)	16,800	16,800	16,800	15,694
70.2	Route 22; HOV lanes, Route 405 to Route 55 in Orange County (design/build HOV)	189,700	189,700	189,700	173,388
73	Alameda Corridor East; (Orangethorpe Corridor) grade separations in Orange Co.	28,000	28,000	28,000	28,000
74.1	Pacific Surfliner; within San Diego Co. (Oceanside double tracking)	9,800	9,800	9,800	428
74.2	Pacific Surfliner; within San Diego Co. (LOSSAN Corridor EIS/EIR)	2,498	2,498	2,498	2,498
74.3	Pacific Surfliner; within San Diego Co. (maintenance yard)	3,010	0	0	0

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
74.4	Pacific Surfliner; within San Diego Co. (track & signal improvement at Fallbrook)	450	450	450	450
74.5	Pacific Surfliner; within San Diego Co. (Encinitas passing track)	1,635	1,635	1,635	1,635
74.6	Pacific Surfliner; within San Diego Co. (Leucadia Boulevard Grade Separation)	200	200	200	0
74.7	Pacific Surfliner; within San Diego Co. (Encinitas Grade-Sep. Pedestrian Crossing)	4,000	1,248	0	0
74.8	Pacific Surfliner; within San Diego Co. (Maintenance Yard)	2,400	2,400	2,400	700
74.9	Pacific Surfliner; San Diego Co. (Santa Margarita River Bridge & Double Track	23,007	23,007	0	0
75.1	San Diego Transit Buses; low-emission buses (MTDB)	21,000	21,000	21,000	21,000
75.2	San Diego Transit Buses; low-emission buses (NCTD)	9,000	9,000	1,300	9,000
76	Coaster Commuter Rail; train set to expand commuter rail in San Diego County	14,000	14,000	14,000	14,000
77	Route 94; environmental studies, downtown San Diego to Rte. 125 in Lemon Grove	20,000	4,000	4,000	1,127
78	East Village access; access to light rail from East Village, San Diego County.	15,000	15,000	15,000	9,528
79	North County Light Rail; Oceanside to Escondido in San Diego County	80,000	80,000	80,000	80,000
80	Mid-Coast Light Rail; extend Old Town light rail to Balboa Ave in San Diego County	10,000	1,300	1,300	0
81	San Diego Ferry; high-speed ferryboat for service btw. San Diego and Oceanside	5,000	3,784	3,784	3,784
82.1	Routes 5/805; reconstruct and widen freeway interchange in San Diego County	19,000	19,000	19,000	19,038
82.2	Routes 5/805; reconstruct and widen freeway interchange in San Diego County	6,000	6,000	0	0
83.1	Route 15; managed lane project north of San Diego (Stage 1) (Transit elements)	5,700	5,700	5,700	5,700
83.2	Route 15; managed lane project north of San Diego (Stage 1) (Freeway elements)	64,300	64,300	64,300	39,703
84	Route 52; build 4 miles of new 6-lane freeway to Santee, San Diego County	45,000	45,000	45,000	23,311
85	Route 56; new freeway between I-5 and I-15 in the City of San Diego	25,000	25,000	25,000	23,551
86	Rte 905; new 6-lane freeway on Okay Mesa, Rte 805 to Mexico Port of Entry	25,000	25,000	25,000	21,529
87.1	Routes 94/125; connector ramps in Lemon Grove in San Diego County	781	781	285	284
87.2	Routes 94/125; connector ramps in Lemon Grove in San Diego County	59,219	2,190	1,551	1,640

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
88.1	Route 5; realign at Virginia Ave, San Ysidro (southbound)	9,700	300	300	218
88.2	Route 5; realign at Virginia Ave, San Ysidro (northbound)	300	300	300	142
89	Route 99; improve Shaw Avenue interchange in northern Fresno	5,000	1,600	830	833
90	Route 99; widen freeway to 6 lanes, Kingsburg to Selma in Fresno County	20,000	20,000	20,000	3,673
91	Route 180; new expressway, Clovis Ave to Temperance Ave in Fresno County	20,000	20,000	12,561	13,041
92	San Joaquin Corridor; improve track & signals near Hanford in Kings County	10,000	10,000	0	0
93	Route 180; environmental studies to extend west from Mendota to I-5 in Fresno Co.	7,000	7,000	7,000	3,919
94	Route 43; widen to 4-lane expressway, Kings County Line to Rte 99 in Fresno Co.	5,000	2,600	525	525
95	Route 41; improvements at Friant Road interchange in Fresno	10,000	10,000	1,930	1,706
96	Friant Road; widen to four lanes from Copper Avenue to Road 206 in Fresno Co.	10,000	10,000	10,000	512
97	Operational improvements near California State University at Fresno (CSU Fresno)	2,100	2,100	2,100	2,444
97.1	Operational improvements near California State University at Fresno (Clovis)	1,600	1,600	1,305	1,305
97.2	Operational improvements near CSU Fresno (City of Fresno)	6,300	6,300	5,188	467
98	Peach Ave. widen to 4 lanes, pedestrian over crossings for 3 schools, Fresno Co.	10,000	10,000	650	256
99.1	San Joaquin Corridor; improve track and signals (Calla to Bowles)	3,000	3,000	3,000	3,000
99.2	San Joaquin Corridor; improve track and signals (Stockton to Escalon)	12,000	7,000	0	0
100	San Joaquin Valley Clean Air Attainment Program; reduce diesel emissions	25,000	25,000	25,000	25,000
101	Santa Cruz Metropolitan Transit District bus fleet; low-emission buses	3,000	3,000	3,000	3,000
102.1	State Street smart corridor, Santa Barbara (Outer State St signal system)	268	268	268	267
102.3	State Street smart corridor, Santa Barbara (Rte. 101 access)	1,032	1,032	100	0
103	Route 99; improve interchange at Seventh Standard Road, north of Bakersfield	8,000	8,000	1,900	1,653
104	Route 99; 6-lane freeway south of Merced, Buchanan Hollow Rd to Healey Rd	5,000	5,000	4,413	14
105	Route 99; 6-lane freeway, Madera Co. Line to Buchanan Hollow Rd, Merced Co.	5,000	5,000	2,800	0

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
106	Campus Parkway; new arterial in Merced County from Route 99 to Bellevue Road	23,000	23,000	590	0
107	Route 205; widen freeway to 6 lanes, Tracy to I-5 in San Joaquin County	25,000	25,000	25,000	8,909
108	Route 5; add northbound lane, Route 205 to Route 120, San Joaquin County	7,000	7,000	7,000	742
109	Route 132 expressway in Modesto, Dakota Avenue to Route 99 interchange	12,000	12,000	608	608
110	Route 132; 4-lane expressway, Route 33 to San Joaquin-Stanislaus County Line	2,000	500	453	453
111	Route 198; 4-lane expressway from Route 99 to Hanford in Kings & Tulare Co.s	14,000	853	853	853
112	Jersey Avenue; widen from 17th Street to 18th Street in Kings County	1,500	1,500	1,500	0
113	Route 46; widen to 4 lanes, Route 5 to San Luis Obispo County Line in Kern Co.	30,000	5,220	5,220	300
114	Route 65; improvements, studies, Route 99 to Tulare County Line in Kern County	12,000	1,674	376	380
115	South Line Light Rail; extend 3 miles towards Elk Grove, Sacramento County	70,000	7,000	7,000	4,000
116	Route 80 Light Rail Corridor; double-track for express service, Sacramento County	25,000	25,000	3,970	2,370
117	Folsom Light Rail; extend to Amtrak Depot and to Folsom, Sacramento County	20,000	20,000	20,000	20,000
118	Sacramento Clean Air/Transportation Plan; reduce diesel engine emissions	66,000	66,000	66,000	55,500
119	Low emission replacement buses (Yolo bus service operations)	3,000	3,000	3,000	2,383
121	Metropolitan Bakersfield System Study; to reduce congestion - City of Bakersfield	350	350	350	350
122	Route 65; widening project from 7th Standard Road to Route 190 in Porterville	3,500	3,500	3,500	1,536
123	Oceanside Transit Center; parking structure	1,500	1,500	1,500	1,500
126	Route 50/Watt Avenue interchange; widening, modifications	7,000	720	720	720
127	Route 85/Route 87; interchange completion, San Jose	3,500	3,500	3,500	3,500
128	Airport Road; reconstruction and intersection improvement project, Shasta County	3,000	3,000	422	47
129	Route 62; traffic and ped. safety & utility undergrounding project, Yucca Valley	3,200	3,200	390	150
133	Feasibility studies, grade separations, UPRR at Elk Grove Blvd and Bond Road	150	150	147	147
134	Route 50/Sunrise Boulevard; interchange modifications	3,000	3,000	2,781	2,781

TCRP#	Project Description	Eligible	Approved	Allocated	Expended
135	Route 99/Sheldon Road; interchange project; reconstruction and expansion	3,000	3,000	3,000	0
138	Cross Valley Rail; upgrade track from Visalia to Huron	4,000	4,000	4,000	4,000
139.1	Balboa Park BART Station; phase I expansion (BART Segment 1)	5,460	5,460	5,460	5,460
139.2	Balboa Park BART Station; phase I expansion (Mona Geneva Segment 1)	540	540	540	529
140	City of Goshen; overpass for Route 99	1,500	1,137	1,137	1,136
141	Union City; pedestrian bridge over Union Pacific rail lines	2,000	2,000	2,000	120
142	West Hollywood; repair, maintenance, and mitigation of Santa Monica Boulevard	2,000	2,000	2,000	2,000
144	Seismic retrofit of Golden Gate Bridge	5,000	5,000	5,000	5,000
145	Rail siding in Sun Valley between Sheldon Street and Sunland Boulevard	6,500	6,500	6,500	6,500
146	Palm Avenue Interchange, Coachella Valley	10,000	10,000	0	0
148.1	Route 98; widen to 4 lanes, Route 111 to Route 7	8,900	3,500	2,500	1,382
148.2	Route 98; widen to 4 lanes, Route 111 to Route 7 (Encino's Ave. to Meadows Rd)	1,100	1,100	1,100	1,100
149	Low-emission buses for service on Rte. 17, Santa Cruz Metropolitan Transit District	3,750	3,750	3,750	3,750
150	Renovation or rehabilitation of Santa Cruz Metro Center	1,000	1,000	1,000	116
151	Purchase of 5 alternative fuel buses for the Pasadena Area Rapid Transit System	1,100	1,100	1,100	1,100
152	Pasadena Blue Line transit-oriented mixed-use development	1,500	1,500	1,500	1,500
153	Pasadena Blue Line utility relocation	550	550	550	550
154	Route 134/I-5 interchange study	100	100	100	100
156	Seismic retrofit and core segment improvements for the BART system	20,000	20,000	20,000	10,963
157	Route 12; improvements from Route 29 to I-80 through Jamison Canyon	7,000	7,000	4,100	4,739
158	Olympic Blvd/Mateo St/Porter St intersection (Segment A, widen Mateo)	725	725	725	725
158	Olympic Blvd/Mateo St/Porter St intersection (Segment A, widen Olympic)	1,275	1,275	680	0
159	Route 101; redesign and construction of Steele Lane interchange	6,000	6,000	6,000	3
	TOTAL	**$4,908,900**	**$4,364,997**	**$2,594,171**	**$1,697,638**

Project Numbers correspond to numbering in Government Code Section 14556.40
Commission approvals and allocations are through November 2006.
Expenditures through October 31, 2006 - as reported by the Department.

2005-06 Project Delivery

Project delivery (making projects ready to go to construction) was a challenge at the start of 2005-06 for the Department of Transportation (Caltrans), local agencies and the Commission, as it was in 2004 05 because of the continuing transportation funding crisis. At the beginning of 2005-06, Caltrans estimated that the Commission's total State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) project allocation capacity for the year would be approximately $2.6 billion, a substantial increase from the less than $1 billion available in 2004-05, but still less than what was programmed for delivery in the programming documents. The Commission allocated $171 million for Caltrans right-of-way activities. The Commission also allocated $976 million in a lump sum for local assistance programs (a set of programs for state and federal funds that under state law are not subject to Commission programming, with programming and project selections made either by regional agencies or by Caltrans).

In response to the still inadequate STIP and SHOPP allocation capacity the Commission at its July 2005 meeting adopted an Allocation Plan with the following allocation priorities:

- Limit allocations to STIP and SHOPP projects programmed for allocation in 2005-06 and projects with extensions to 2005-06.
- All projects programmed for 2005-06 in the following categories would receive allocations as they are delivered:
  - SHOPP projects, as identified by Caltrans.
  - Projects funded with federal Transportation Enhancement (TE) funds.
  - Projects funded with Public Transportation Account (PTA) funds.
  - Annual STIP allocations for planning, programming, and monitoring (PPM).
  - Required STIP mitigation projects.
  - Projects to mach federal bridge (HBRR) funds.
- Projects programmed for 2005-06 in the following categories would receive allocations as delivered (first-come, first served) until September 2005 or until the Commission had allocated $500 million for these projects, whichever was earlier. At that time, the allocation plan would be reviewed, and the projects would be given priority for allocation in the following order:
  - Interregional road system projects.
  - Highway/railroad grade separation projects.
  - State highway or local road capacity increasing projects
  - Operational improvement projects.
- The Commission gave lower priority to STIP projects in the following categories, funding them only when funding came from TE or PTA or when funding is sufficient to fund all projects in higher priority categories.
  - Local road rehabilitation and reconstruction.
  - Bicycle and pedestrian facilities.
  - Landscaping.
  - Enhancements, including soundwalls and signage.
  - Transportation demand management, including ridesharing and freeway service patrols.

• The Commission would regard project components brought for a vote as meeting STIP timely use of funds deadlines, even if an allocation vote was not possible for lack of funds.
• For project allocations made in 2005-06, the Commission would allocate funds for construction or for purchase of equipment subject to the condition that the funds be encumbered by award of a contract within six months of the date of the allocation of funds.

In 2005-06, Caltrans and local agencies dedicated considerable effort toward improving project delivery. For several years, Caltrans had been committed to a goal of delivering 90 percent of the projects programmed each year and 100 percent of the dollar amount programmed. For 2005-06, Caltrans has raised its delivery commitment to 100 percent of programmed projects. In order to achieve this goal, Caltrans Director Kempton has established delivery contracts with each district director and instituted weekly delivery meetings with his delivery staff and invited participation from Commission staff.

Caltrans STIP Project Delivery

Caltrans delivered 59 of the 60 originally scheduled projects for 2005-06, a 98 percent project delivery rate. One ready to go intercity rail project was lapsed because a local agency objected to the construction of the project. Three Caltrans projects were amended into the STIP by the Commission in 2005-06 and delivered by Caltrans.

The following chart summarizes the Caltrans 2005-06 STIP delivery record and compares it against the prior two years:

Caltrans STIP Delivery
($ in millions)

	2003-04		2004-05		2005-06	
	Dollars	Projects	Dollars	Projects	Dollars	Projects
Programmed	$1,427.0	58	$12.7	6	$490.0	60
Extensions	$-621.0	-31	0	0	0	0
Allocation savings			$-0.2			
Lapsed	0	0	0	0	$-11.9	-1
Delivered as programmed	$806.0	27	$12.5	6	$478.1	59
Percent of projects		47%		100%		98%
Advanced	$267.0	2	$357.5	18	$41.0	3
Delivered, with advances	$1,073.0	29	$370.0	24	$519.1	
Percent of dollars	75%		2,960%		106%	
Prior-year extensions delivered	$103.0	9				
Total delivered	$1,176.0	38	$370.0	24	$519.1	62
Funded by allocation	0	0	$12.5	6	$519.1	62
Funded through AB 3090	$165.1	13				
Funded through GARVEE	$514.7	5				
Placed on pending list, not funded	$ 496.2	20	$357.5	18	$0	0

In 2005-06 the Commission actually allocated $876.6 million to Caltrans STIP projects ($519.1 million to the projects delivered during the fiscal year and $357.5 million to projects delivered but not allocated in the prior fiscal year).

Local STIP Project Delivery

For local agency projects, unlike Caltrans projects, the Commission allocates all programmed STIP funds and tracks each discrete programming component (environmental, design, right-of-way, and construction) as a separate project. In the 2004 STIP, the Commission programmed 432 local projects in 2005-06 valued at $355.3 million. The STIP allocation plan, on the basis of criteria described above, excluded 18 of the projects, and those projects are subject to rescheduling to future years in the 2006 STIP. Of the remaining 414 local projects included in the allocation plan valued at $337.5 million, local agencies delivered 378 projects valued at $317.0 million for an overall project delivery rate of 91 percent and dollar delivery rate of 94 percent.

For the 36 undelivered allocation plan projects, the Commission granted delivery deadline extensions to 12 projects valued at $8.5 million (3 percent of the allocation plan commitment), and local agencies lapsed 24 projects valued at $20.5 million (6 percent of the allocation plan commitment). The lapsed $20.5 million reverted to county share balances to be available for programming in the 2006 STIP.

The following chart summarizes the local 2005-06 STIP delivery record and compares it against the prior two years:

Local STIP Delivery ($ in millions)						
	2003-04		2004-05		2005-06	
	Dollars	Projects	Dollars	Projects	Dollars	Projects
Programmed	$316.5	444	$92.7	176	$355.3	432
Ineligible per allocation plan			-36.3	-31	-17.8	-18
Total eligible for delivery			$56.4	145	$337.5	414
Extensions	-86.1	-91	-10.0	-24	-8.5	-12
Lapsed	-8.8	-33	-7.9	-8	-20.5	-24
Delivered as programmed	$221.6	320	$38.5	113	$308.5	378
Percent of projects		72%		78%		91%
Percent of dollars	70%		68%		91%	
Prior-year extensions delivered						
Total delivered	$221.6	320	$38.5	113	$308.5	378
Funded by allocation	3.4	39	38.5	113	308.5	378
Funded through AB 3090	44.7	21				
Funded through GARVEE	51.2	3				
Placed on pending list, not funded	$122.3	257	$ 0	0	$ 0	0

Caltrans SHOPP Project Delivery

The SHOPP delivery record for 2005-06 was very complicated and convoluted due to the funding crisis. Originally, Caltrans was committed to deliver 232 projects valued at $1.473 billion. At its July 2005 meeting, the Commission adopted an allocation plan and instructed Caltrans to identify and deliver 2005-06 SHOPP projects at its discretion. Caltrans excluded 16 of the programmed SHOPP projects valued at $204 million from the allocation plan. Caltrans amended into the program an additional 183 critical projects valued at $459 million. Caltrans delivered 399 projects worth $1.728 billion for an overall 100 percent SHOPP project delivery rate. Unfortunately, funding limitations permitted the Commission to allocate only $1.652 billion to SHOPP projects, so 19 delivered projects worth $76 million remained on the pending allocation list.

The following chart summarizes the Caltrans 2005-06 SHOPP delivery record and compares it against the prior two years:

Caltrans SHOPP Delivery ($ in millions)						
	2003-04		2004-05		2005-06	
	Dollars	Projects	Dollars	Projects	Dollars	Projects
Programmed	$847	238	$1,087	358	$1,473	232
Ineligible per allocation plan			-274	-160	-204	-16
Total eligible for delivery			$ 813	198	$1,269	216
Added by amendment	118	22	71	48	459	183
Total programmed	$965	260	$ 884	246	$1,728	399
Delivered	$782	194	$ 721	226	$1,728	399
Percent of projects		75%		92%		100%
Advanced	30	6	281	86		
Delivered, w/advances	$812	200	$1,002	312	$1,728	399
Percent of dollars	84%		113%		100%	
Total delivered	$812	200	$1,002	312	$1,728	399
Funded by allocation	712	175	597	199	1,652	380
Placed on pending list, not funded	$100	25	$ 405	113	$ 76	19

Other types of projects that are not included in the Commission-approved SHOPP, but represent a delivery effort by Caltrans and, for record keeping purposes, are kept under the SHOPP umbrella. These categories of projects include: minor projects, emergency and seismic retrofit projects allocated by Caltrans under Commission Resolution G-11, and SHOPP-administered TE projects.

The following table lists 2005-06 delivery for these categories, comparing it against the prior two years:

Other Caltrans Delivery ($ in millions)						
	2003-04		2004-05		2005-06	
	Dollars	Projects	Dollars	Projects	Dollars	Projects
Minor program	$ 79.5	168	$ 49.5	107	$ 99.0	187
Emergency	26.0	65	112.3	121	179.5	199
Seismic, phase I	3.0	3	0	0	0	0
Seismic, phase II	2.2	4	0.6	2	14.8	3
SHOPP TE	8.4	12	1.8	3	3.3	6
Total	$119.1	252	$164.2	233	$296.6	395

Caltrans Annual Right-of-Way Allocation

Commission Resolution G-91-1 authorizes Caltrans to suballocate 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 the June 2005 meeting, Caltrans requested $171 million for right-of-way activities based on its determination of acquisition needs for 2005-06, the Commission agreed and allocated the requested amount. Caltrans spent the entire $171 million on right-of-way activities in 2005-06.

Caltrans Environmental Document Delivery

Tracking the completion of environmental documents is particularly important in flagging possible delays of future construction projects. This year, Caltrans achieved an 81 percent delivery rate for STIP environmental document delivery, a little short of the 90 percent goal desired by the Commission. Environmental impact reports and negative declarations comprise the bulk of the STIP environmental effort.

The Commission started tracking SHOPP environmental document delivery in 2001-02. Unlike last year's 93 percent delivery rate, Caltrans delivered 86 percent of its SHOPP environmental documents this year, short of the 90 percent goal. The preponderance of SHOPP environmental documents are categorical exemptions, with a number of negative declarations and an occasional environmental impact report. The following table summarizes STIP and SHOPP environmental document delivery reported in recent years.

Caltrans STIP/SHOPP Final Environmental Document Delivery			
	2003-04	**2004-05**	**2005-06**
STIP			
Planned	43	23	54
Actual	27	16	44
Rate	63%	70%	81%
SHOPP			
Planned	69	96	123
Actual	51	89	106
Rate	74%	93%	86%

Another environmental category that the Commission is tracking is the Notice of Preparation (NOP). The NOP is the notice issued by a lead agency to inform responsible agencies and interested parties that it is preparing an environmental impact report for a project. Thus, the NOP is an indicator of early transportation project development. In 2001, Caltrans planned eight NOPs and actually completed 14. With recent funding constraints, the number of NOPs completed has dwindled from seven in 2002-03 to just two in 2005-06. Caltrans began focusing its efforts on completing environmental documents for projects with funding available. However, when those projects move beyond the NOP stage, the remaining Caltrans projects in the environmental pipeline that are ready to move forward to construction will be sparse.

The environmental aspect of project delivery should be a concern now that revenues are available. Lack of projects that have cleared the environmental process means the revenues will remain unused. Caltrans should review the status of its projects in the project delivery pipeline and determine, through a risk assessment, which ones are ready to move forward through the environmental process. In this manner, projects can be ready for delivery, particularly with the passage of the infrastructure bonds.

The Commission originally focused on environmental document delivery on a year-to-year basis. In 2003-04, the Commission requested that Caltrans begin tracking draft and final environmental documents that "rolled over" from the previous fiscal year. The chart below summarizes the results from 2002-03 through 2005-06. In 2002-03, 40 (53 percent) of 75 draft environmental documents planned for completion in 2002-03 were rolled over to 2003-04, while 23 (22 percent) of 104 planned final environmental documents that year were rolled over. At the end of 2003-04, Caltrans reported that eight of the draft environmental documents and seven of the final environmental documents planned for 2002-03 still remained to be completed. By the end of 2003-04, 33 (65 percent) of 51 draft environmental documents planned for completion in 2003-04 were rolled over to 2004 05, while 27 (30 percent) of 88 planned final environmental documents were rolled over. The Commission asked that Caltrans continue tracking these delayed environmental documents, explain why the projects continue to be delayed, and recommend, if appropriate, ways to complete delivery.

Delay in Environmental Documents

Fiscal Year	Planned	Delayed Documents	Rate	Delay by Year		
				From Current Fiscal Year	From Last Year	From Two Years+
2002-03						
Draft	75	40	53%			
Final	104	23	22%			
2003-04						
Draft	51	33	65%			
Final	88	27	30%			
2004-05						
Draft	66	24	36%			
Final	99	8	8%			
2005-06						
Draft	54	18	33%	17	4	6
Final	121	9	7%			

At the September 2006 Commission meeting, Caltrans noted in its fourth quarter and year-end Project Delivery Report that 27 environmental documents would be rolled over from 2005-06 to 2006–07. Of the 27 documents, 17 environmental documents are delayed from 2005-06, four documents from the previous fiscal year and six from two or more fiscal years ago. The rolled over environmental documents included:

- 11 out of 23 environmental impact documents (STIP and SHOPP)
- 11 out of 81 negative declarations (STIP and SHOPP)
- 6 out of 73 categorical exemptions (STIP and SHOPP)

Caltrans reported that many of these environmental documents incurred delays because of past funding constraints and budget reductions. Caltrans reported that it continued focusing its efforts and resources on delivering those environmental documents that were for projects with funding programmed for construction. It dropped projects not programmed for construction or gave them lower priority. Caltrans explained that the primary causes for project environmental delays in 2005–06 were substantial changes to original project scope (resulting in more studies and design changes to account for project alternatives), obtaining rights of entry from the property owners, and delays due to funding.

Local RSTP and CMAQ Projects

When AB 1012 (1999) first applied "use-it-or-lose it" provisions to the RSTP and CMAQ programs, it created a major incentive for on-time delivery and use of the funds. AB 1012 specified that Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) funds not obligated by a region within the first three years of federal eligibility were subject to redirection by the Commission in the fourth year. Caltrans monitors the obligation of funds apportioned to each region, reports the status of those apportionments to the Commission quarterly, and provides written notice to the regional agencies one year in advance of any apportionment reaching its three-year limit. Any region with an apportionment within one year of the limit is required to develop and implement a plan to obligate its balance before the three-year limit is reached.

- Sixth Cycle, 2002-03 Federal Apportionment
  Caltrans released its sixth cycle AB 1012 "use-it-or-lose-it" notices (for apportionments from the 2002-03 federal fiscal year) in November 2004. At that point, the unobligated amount subject to redirection on November 15, 2005 totaled $119 million. By the November 2005 deadline, all but $1.66 million had been obligated. At the November 2005 meeting the Commission redirected $397,281 in regional TEA funds back to Ventura County with a deadline of May, 15 2006. At the February 2006 meeting, the Commission redirected back an additional $527,178 in regional TEA funds to Santa Barbara County with a deadline of May 2006 and $738,109 in CMAQ funds ($498,690 to Santa Barbara County and $239,419 to the City of Lake Tahoe) with a deadline of May 2006. Caltrans reports that all the redirected funds were successfully obligated by or prior to their respective deadlines. Since the Commission discontinued the regional TEA program in August 2003 by reintegrating federal TE funds into the STIP, the sixth cycle report is the last cycle where regional TEA funds are included.

- Seventh Cycle, 2003-04 Federal Apportionment
  Caltrans released its seventh cycle AB 1012 "use-it-or-lose-it" notices (for apportionments from the 2003-04 federal fiscal year) in November 2005. At that point, the unobligated amount subject to redirection on November 1, 2006 totaled $88 million. By the November 2006 deadline, all but $ 8.1 million ($4.2 million in RSTP funds and $3.9 million in CMAQ funds) had been obligated. The $4.2 million RSTP unobligated balance belongs to Riverside County and the $3.9 million CMAQ unobligated balance is spread among three local agencies (Kern County $2.4 million, San Benito County $0.6 million and the City of South Lake Tahoe $0.9 million). At the December 2006 meeting, the Commission redirected the $4.2 million in RSTP funds back to Riverside County with a deadline of May 1, 2007 and redirected $3.3 million in CMAQ funds also with a May 1, 2007 deadline ($2.4 million to Kern County and $0.9 million to the City of South Lake Tahoe). Caltrans reports that San Benito County might request waiver to the AB 1012 "use-it-or-lose-it" provisions for its $0.6 million in CMAQ funds at the Commission's January 2007 meeting.

- Eighth Cycle, 2004 05 Federal Apportionment

Caltrans released its eighth cycle AB 1012 "use-it-or-lose-it" notices (for apportionments from the 2004 05 federal fiscal year) on November 20, 2006. At that point, the unobligated amount subject to redirection on November 20, 2007 totaled $134 million.

Other Local Assistance Projects

Local agencies have dedicated considerable effort toward improving the delivery of local RSTP and CMAQ projects, but the success is not as good with other local assistance project categories in which the AB 1012 "use-it-or-lose-it" provisions are not in force. However, the 2005-06 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 2005-06 local assistance allocations, totaling $975.6 million were used by local agencies in the first year of availability and provides a comparison with the usage of prior first year availability:

Use of Local Assistance Allocations, First Year of Availability ($1,000's)						
	2003-04		2004-05		2005-06	
Category	**Allocation**	**Use**	**Allocation**	**Use**	**Allocation**	**Use**
RSTP	$372,945	$262,324	$376,211	$162,255	$310,600	$103,308
RSTP match & exchange	46,000	49,860	46,000	47,477	51,250	50,801
CMAQ	277,000	211,915	410,856	50,581	333,608	95,817
FTA transfers		361,134		259,323		245,450
Subtotal, RSTP/CMAQ	$695,945	$885,233	$833,067	$519,636	$695,458	$495376
Br. Inspection & Match					2,460	1,460
Br. Rehab & Replacement	98,640	113,452	130,248	50,880	127,311	40,705
Bridge Seismic Retrofit	52,490	41,248	67,880	25,479	53,905	25,693
Bridge Scour	4,200	0	3,375	1,815		
RR Grade Crossing						
Protection	10,000	7,961	12,720	3,278	10,911	374
Maintenance	4,250	4,089	4,250	4,250	1,000	1,000
Grade Separations	15,000	15,000	15,000	5,720	15,000	0
Hazard Elimination/Safety	8,000	6,305	12,720	6,850	18,549	3,016
High Risk Rural Roads					7,021	0
Safe Routes to School	22,000	24,594	25,440	5,467	37,353	696
Regional TEA	45,000	43,092	0	0	2,000	0
State Exchange	6,440	2,588	6,440	0		
Demo Projects	0	83,927	0	62,389	0	23,365
Miscellaneous	3,625	41,304	3,625	14,593	4,616	34,576
Total	**$965,590**	**$1,268,793**	**$1,114,765**	**$700,357**	**$975,584**	**$626,261**

RSTP and CMAQ are two funding categories where "use-it-or-lose-it" is in effect. 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 the RSTP and CMAQ programs, allocations applied to transit projects are transferred to the Federal Transit Administration (FTA). Those transfers are displayed separately on these tables and are included in the "use of allocation" figures for RSTP and CMAQ

Seismic Safety Retrofit Program

The massive state seismic safety retrofit program is nearly complete, with only a few of the most complex and difficult bridges remaining. The Phase 1 seismic program, initiated after the 1989 Loma Prieta earthquake, was completed in May 2000. Under the Phase 2 program, initiated after the 1994 Northridge earthquake, Caltrans has retrofitted 1,147 bridges (including eight completed in fiscal year 2005-06), another three bridges are under construction, and five remain in design. Caltrans has completed the retrofit of six of the seven state-owned toll bridges that required retrofitting. Work on the San Francisco-Oakland Bay Bridge (SFOBB) is under way, including a new east span with ten construction contracts and retrofit of the west span and west approach with eight construction contracts.

On August 1, 2005 Caltrans, re-advertised the $1.5 billion SAS portion of the SFOBB east span replacement project. Bids were opened on March 22, 2006, at which time two bids were received. The low bidder was American Bridge Fluor Enterprises, Inc., a Joint Venture, which bid $1.43 billion for the project, approximately $49 million less than the Caltrans engineer's estimate. The SFOBB east span "Skyway" contract is 88 percent complete and is projected to be finished in 2007. The SFOBB west approach project is approximately 66 percent complete and on schedule for completion in August 2009. Meanwhile, progress continues slowly on the retrofit of local bridges, with about 60 percent of the bridge retrofits completed or under construction. The local agencies responsible for the retrofit work cite the lack of funds to match federal funds as the major reason for this slow progress.

Background

The seismic safety retrofit program has been a major endeavor for Caltrans and the Business, Transportation and Housing Agency. The seismic safety retrofit program is comprised of four parts: Phase 1, Phase 2, toll bridges (state-owned) and local bridges. The current estimated combined cost to seismically retrofit the state-owned bridges on the state highway system is $11.11 billion: $1.08 billion for Phase 1, $1.35 billion for Phase 2, and $8.68 billion for the toll bridges. Nearly $1 billion more is required to retrofit local bridges not on the state highway system.

Phase 1

Using research developed following the 1971 Sylmar earthquake, Caltrans identified 1,039 state highway bridges in need of seismic retrofit. The bridges consisted mostly of single-column bridges deemed to be the most vulnerable during an earthquake. By May 2000, seismic retrofit construction of all Phase 1 bridges was completed at a cost of $1.08 billion, funded with gas tax money through the State Highway Account. Over the following years, Caltrans reported to the Commission that $9 million in allocated and encumbered Phase 1 funds remained unspent, but was required to settle outstanding construction claims. At the Commission's insistence, Caltrans reviewed the status of all Phase 1 projects with unexpended balances and determined that $3 million had been used to settle outstanding claims and that the $6 million balance could be disencumbered and returned to the State Highway Account. During fiscal year 2005-06 Caltrans disencumbered the $6 million balance and finally closed the books on the Phase 1 program.

Phase 2

After the 1994 Northridge earthquake, Caltrans determined that an additional 1,155 state highway bridges were in need of seismic retrofit based on updated screening criteria. A total of $1.35 billion ($1.21 billion in Proposition 192 bond funds, approved by voters in March 1996, and $140 million in State Highway Account and Multi-District Litigation (MDL) funds, expended prior to the passage of Proposition 192) was set aside to finance the retrofit of the 1,155 Phase 2 bridges.

For 2005-06, Caltrans reported that it had completed construction on eight more Phase 2 bridges, bringing the total completed as of June 30, 2006, to 1,147 bridges (99.3 percent). Three more (0.2 percent) were under construction and five others (0.5 percent) remained in the design stage. Caltrans reports that it expects to complete construction on all but three of the remaining Phase 2 bridges by December 2009 (a six months slip from the June 30, 2005 report). Three Phase 2 seismic retrofit projects require replacement of existing major bridge structures under heavy traffic conditions (Commodore Schuyler F. Heim Bridge on Route 47 in the City of Long Beach, and the 5th Avenue Bridge and the High Street Bridge on Route 880 in the City of Oakland). Caltrans does not expect to complete the seismic retrofit work on these three bridges until mid 2012 (a one-year slip from the June 30, 2005 report).

Of the $1.21 billion made available from Proposition 192 for the Phase 2 bridges, $1.181 billion has been allocated as of June 30, 2006. The $1.181 billion does not include the $81.2 million allocated for Pooled Money Investment Account (PMIA) loan interest expenses as these costs are offset by the interest earned by the Surplus Money Investment Fund. If the total cost to finish the Phase 2 bridges exceeds the remaining $28.9 million Proposition 192 unallocated balance, Caltrans' strategy is to utilize federal Highway Bridge Replacement and Rehabilitation (HBRR) funds available through the State Highway Operation and Protection Program (SHOPP) to contribute funds to projects where bridge replacement is the most cost-effective long-term retrofit and bridge rehabilitation solution.

Toll Bridges

Seven of the nine state-owned toll bridges required some type of seismic retrofit work (including the Vincent Thomas and San Diego-Coronado Bridges, for which toll collection has been discontinued). By August 2005, seismic work had been completed on six of the bridges, the San Mateo-Hayward, the Carquinez Eastbound, the Benicia-Martinez, the Vincent Thomas, the San Diego-Coronado and the Richmond-San Rafael. Seismic work is underway on the SFOBB. Caltrans estimates seismic safety will be achieved on the SFOBB west span approach by mid 2009 and on the SFOBB east span by mid 2013 (a one-year slip from the June 30, 2005 report). The SFOBB west span retrofit was completed in July 2004.

The funding plan for the Toll Bridge Seismic Retrofit Program (TBSRP) was originally established by SB 60 (1997) and was updated for cost increases, especially on the SFOBB, by AB 1171 (2001). In August 2004, Caltrans reported that the TBSRP was experiencing major funding shortfalls again. The Legislature responded by passing AB 144 and SB 66, which the Governor signed into law on July 18, 2005 and September 29, 2005 respectively.

AB 144 established a comprehensive financial plan for the TBSRP, including the consolidation and financial management of all toll revenues collected on the state-owned toll bridges in the San Francisco Bay Area under the jurisdiction of the Bay Area Toll Authority (BATA). The bill provides $630 million in additional state funds and authorizes BATA to increase tolls on the Bay Area state-owned toll bridges by at least an additional $1.00 on January 1, 2007 to provide adequate funding to complete the TBSRP.

In addition, AB 144 and SB 66 significantly strengthen the program and project oversight activities for the TBSRP and the Benicia-Martinez Bridge New Span project (a Regional Measure 1 toll funded project). The bills created the Toll Bridge Program Oversight Committee (TBPOC) to implement project oversight and control processes for the TBSRP. The TBPOC is comprised of the Director of the Department of Transportation (Caltrans), the Executive Director of BATA, and the Executive Director of the California Transportation Commission. The TBPOC's program oversight activities include review and approval of contract bid documents, review and resolution of project issues, evaluation and approval of project change orders and claims, and issuing monthly and quarterly progress reports.

The following chart identifies the cost estimates as incorporated in AB 1171 and as updated by AB 144 and SB 66 to retrofit the seven state-owned toll bridges.

Estimated Costs to Retrofit Toll Bridges

Bridge	AB 1171 Estimate	AB 144/SB 66 Estimate
Benicia-Martinez	$190,000,000	$177,830,000
Carquinez (eastbound*)	125,000,000	114,130,000
Richmond-San Rafael	665,000,000	914,000,000
San Diego-Coronado	105,000,000	103,520,000
San Mateo-Hayward	190,000,000	163,510,000
Vincent Thomas	62,000,000	58,510,000
San Francisco-Oakland Bay Bridge		
West Span	300,000,000	307,900,000
West Span Approach	400,000,000	429,000,000
East Span Replacement	2,600,000,000	5,516,600,000
Subtotal	**$4,637,000,000**	**$7,785,000,000**
Program Contingency	448,000,000	900,000,000
Total	**$5,085,000,000**	**$8,685,000,000**

* A replacement bridge for the westbound Carquinez was financed with Regional Measure 1 toll funds.

The seismic retrofit of the Richmond-San Rafael Bridge was completed in July 2005 with a cost savings of approximately $89 million from the AB 144/SB 66 cost estimate shown in the chart above. The TBPOC resolved to use the Richmond-San Rafael savings to augment the TBSRP contingency line item.

The following chart identifies the AB 1171 and AB 144 mandated source accounts from which funds to retrofit the seven state-owned toll bridges will be derived.

Toll Bridge Seismic Retrofit Funding (AB 1171 & AB 144)	
Source of Funds (AB 1171)	**Amount**
Bay Area Toll Bridges $1 Surcharge	$2,282,000,000
Proposition 192 Bonds	790,000,000
Public Transportation Account	80,000,000
San Diego-Coronado Bridge Account	33,000,000
Vincent Thomas Bridge Account	15,000,000
State Highway Account	1,437,000,000
State Highway Account Contingency	448,000,000
Subtotal Funds Available (AB 1171)	**$5,085,000,000**
Source of Funds (AB 144)	
Bay Area Toll Bridges Additional $1 Surcharge	$2,150,000,000
BATA Consolidation	820,000,000
Motor Vehicle Account (MVA)	75,000,000
Redirected Spillover *	125,000,000
State Highway Account	430,000,000
Subtotal Funds Available (AB 144)	**$3,600,000,000**
Total Funds Available	**$8,685,000,000**

*See CTC 2005 Annual Report ISSUES FOR 2006, Trends and Outlook for State Transportation Financing Chapter, Public Transportation Account Spillover Transfers Section for explanation of "spillover" concept.

Under AB 1171, toll bridge users were slated to pay for about 46 percent of the TBSRP's $5.1 billion price tag. Under AB 144, toll bridge users are now responsible for 61 percent of the $8.7 billion price. In exchange, the Bay Area's choice of a signature bridge type has been honored. A self-anchored suspension span will be constructed as part of the SFOBB east span replacement project. In addition, BATA received authority from the Legislature to set Bay Area tolls as necessary to cover any cost increases beyond the $900 million AB 144 program contingency.

Pursuant to AB 144, at its September 29, 2005 meeting, the Commission adopted a schedule for the transfer of the remaining state funds to BATA to fund the TBSRP. The schedule contains the timing and sources of the state contributions, which begin in fiscal year 2005-06 and distributes the contributions over the years of the SFOBB project construction to ensure a timely balance between state sources and the contributions from toll funds. The Commission's adopted schedule for the transfer of funds allows BATA to pledge the state fund contribution to the financing of the TBSRP per BATA's adopted finance plan.

The following chart is the Commission-adopted state contribution schedule as amended on December 15, 2005 to allow for maximum usage of Public Transportation Account funds.

SCHEDULE OF STATE CONTRIBUTIONS TO THE TOLL BRIDGE SEISMIC RETROFIT PROGRAM ($ in millions)											
Source	Description / FY	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
AB 1171	SHA	$290									**$290**
	PTA	$80	$40								**$120**
	HBRR	$100	$100	$100	$42						**$342**
	Contingency				$1	$99	$100	$100	$148		**$448**
AB 144	SHA*	$2	$8				$53	$50	$17		**$130**
	MVA	$75									**$75**
	Spillover***		$125								**$125**
	SHA**									$300	**$300**
	Total	**$547**	**$273**	**$100**	**$43**	**$99**	**$153**	**$150**	**$165**	**$300**	**$1,830**

* Caltrans efficiency savings.

** SFOBB east span demolition cost.

*** See ISSUES FOR 2006, Trends and Outlook for State Transportation Financing Chapter, Public Transportation Account Spillover Transfers Section for explanation of “spillover” concept.

In the early 1990’s, Caltrans determined that the Antioch and Dumbarton toll bridges built in the late 1970’s and early 1980’s using design criteria developed after the 1971 Sylmar earthquake were not vulnerable during a major seismic event. Since that time, Caltrans has pursued an aggressive seismic research program, and based on results from that research has significantly revised its seismic design practices. Due to the tremendous changes in seismic design practices that have occurred since the design of the Antioch and Dumbarton Bridges, Caltrans recently completed seismic vulnerability studies of the two bridges.

Caltrans has determined large foundation rotations are possible from a Maximum Credible Event (MCE) earthquake at the two bridges. These rotations may result in damage to the superstructure and possible damage to the piles. Caltrans is recommending that a comprehensive seismic analysis based on complete and accurate geotechnical soil data be performed in order to make a final determination of the level of retrofit required for the two bridges. On June 14, 2006 BATA provided Caltrans with $17.8 million (Regional Measure 1 funds under its control) to proceed with the comprehensive seismic analysis.

Local Bridges

In addition to the work necessary on state-owned bridges, Caltrans was charged with the responsibility of identifying the seismic retrofit needs of all nonstate publicly owned bridges, except for bridges in Los Angeles County and in the unincorporated areas of Santa Clara County. To date, Caltrans, Los Angeles County, and Santa Clara County have identified 1,235 locally owned bridges in need of seismic evaluation. As of June 30, 2006, 205 (17 percent) of the 1,235 bridges were in the retrofit strategy development stage, 287 (23 percent) were in the design stage, 50 (4 percent) were under construction, and 693 (56 percent) were either completed or were judged not to require seismic retrofitting. The total cost of the local bridge retrofit program is roughly estimated at $1.363 billion (a $258 million increase from the June 30, 2005 report). Approximately $613 million has been spent or obligated for local bridges to date, with $750 million estimated to be needed to complete the remainder of the local retrofit work. Because 492 (40 percent) of the 1,235 bridges are still in the strategy development or design stages, the $750 million estimate is subject to change. It is the responsibility of each public agency bridge owner to secure funding, environmental approvals, and right-of-way clearances, and to administer the construction contract.

The vast majority of local bridges in the retrofit strategy development stage belong to two agencies. The Bay Area Rapid Transit District (BART) has 164 bridges and the Department of Water Resources (DWR) has 24 bridges in that category. The 164 BART bridges are bridges that go over city streets and county roads. BART also has many other aerial structures in need of seismic retrofit work, as well as the Transbay Tube. BART estimates that it needs about $1.3 billion to seismically retrofit all its structures. Voters in Alameda, Contra Costa and San Francisco counties passed a $980 million BART earthquake safety bond measure on the November 2004 ballot. This bond measure gives BART a stable dedicated revenue source to seismically retrofit its structures. BART now has 63 bridges in the design phase and soon will be moving into the construction phase. DWR appeared at the January 2006 Commission meeting and indicated that funding to undertake bridge analysis was secured in the 2005-06 state budget and that analysis work would begin in 2006-07 with construction to follow as early as 2007-08.

Status of Proposition 192

The Seismic Retrofit Bond Act of 1996 (Proposition 192) authorized $2 billion in state general obligation bonds for the seismic retrofit of state-owned bridges. SB 60 (1997) limited the amount of Proposition 192 funds that could be expended for state toll bridge seismic retrofit to $790 million. The other $1.21 billion was directed to the Phase 2 seismic retrofit effort.

As of June 30, 2006, the amount of Proposition 192 funds allocated for Phase 2 seismic retrofit totaled $1,181.1 million, including $824.5 million for capital outlay and right-of-way, $256.8 million for project support costs, and $99.8 million to reimburse the 1994-95 and 1995-96 seismic project support expenditures made with State Highway Account funds. The $81.2 million allocated for PMIA loan interest expenses that are usually offset by interest earned by the Surplus Money Investment Fund is not included in the $1,181.1 million total. The total amount of Proposition 192 funds allocated for toll bridge seismic retrofit as of June 30, 2006 is $789.0 million, including $673.5 million for capital outlay and right-of-way, $106.0 million for project support costs, and $9.5 million to reimburse the 1994-95 and 1995-96 seismic project support expenditures made with State Highway Account funds.

The overall total of Proposition 192 funds allocated through June 2006 is $1,970.1 million, excluding the $81.2 million allocated for interest costs, leaving $28.9 million in bond authority available for allocation to Phase 2 retrofit projects and $1.0 million for toll bridge projects.

State Rail Program

State-supported intercity rail passenger service operates in three corridors:

- Capitol (Auburn-Sacramento-Oakland-San Jose)
- Pacific Surfliner (San Luis Obispo-Los Angeles-San Diego)
- San Joaquin (Bay Area/Sacramento-Fresno-Bakersfield, via bus to Los Angeles)

Caltrans plans and administers state funding for the Pacific Surfliner and San Joaquin services, while the Capitol Corridor Joint Powers Authority (CCJPA) plans and administers the Capitol Corridor. Caltrans is responsible for developing the annual state budget requests for all three services. The National Passenger Rail Corporation (Amtrak) operates the services under contract with Caltrans and the CCJPA. Under the federal 1970 Rail Passenger Service Act (49 USC 24102), only Amtrak has statutory rights to access privately owned railroads at incremental cost for intercity passenger rail service.

The California High-Speed Rail Authority directs the development and implementation of high-speed rail. The 1996 act creating the Authority defined high-speed rail as "intercity passenger rail service that utilizes an alignment and technology that make it capable of sustained speeds of 200 miles per hour or greater." The Authority approved in late 2005 a program-level environmental impact statement for a 700 mile system. This year the Authority started the implementation phase. It issued contracts for engineering work and project specific environmental impact reports/statements for specific segments of the proposed route from San Diego to Los Angeles to Fresno to Sacramento. The $9.95 billion bond measure that would have provided initial financing for the system was supposed to be on the November 2006 ballot. However, the Governor signed an urgency bill, AB 713 (Torrico), to delay the bond measure to the November 2008 general election.

Over the past several years, the state rail program faced the same funding constraints and uncertainties that confronted the rest of the state transportation program. The funding picture improved in 2006-07, when the Governor and Legislature agreed to transfer $1.4 billion to fund transportation, as permitted by Proposition 42. The Governor and Legislature also placed on the November ballot several bond measures for infrastructure that the voters later approved.

Operating subsidies for the state-supported intercity rail services have been stable. For the last five years, the State has annually appropriated $73 million from the Public Transportation Account for intercity rail service. Amtrak has provided about $11 million annually from federal funds (which includes $10 million to operate the 30 percent of Pacific Surfliner service that is not State-supported). Threatened federal cutbacks in support for Amtrak are of concern to California primarily because of their implications for capital funding and for Amtrak's valuable operating rights.

Intercity Rail Project Funding, Delivery, and Ridership

In 2006, the Commission allocated $119.1 million for 21 intercity rail projects. An example of the type of project that received an allocation is the initial triple tracking of the Pacific Surfliner line between Los Angeles and Fullerton. Examples of other projects funded in previous years and completed include the double tracking of the San Joaquin between Shirley and Hanford, adding a siding on the Capitol Corridor near Santa Clara, and overhauling 26 California cars.

In the United States, the Northeast Corridor enjoys the highest rail passenger ridership. California started its support of intercity passenger rail in September 1976. Thirty years ago, the State funded a fourth round trip of the Pacific Surfliner, then known as the San Diegan. From those modest beginnings, California's support of intercity passenger rail grew. Today, the Pacific Surfliner, Capitol and San Joaquin corridors have respectively the second, third and fifth highest intercity ridership among passenger rail corridors in America. In fact, on September 1, 2006, the Capitol Corridor JPA increased its service frequency on the Capitol from 24 to 32 weekday trains between Sacramento and the San Jose/Bay Area. This frequency is equal to the service offered on the Northeast Corridor between Boston and New York.

High-Speed Rail Programmatic Environmental Document

The California High-Speed Rail Authority is responsible for planning, constructing, and operating a high-speed rail system with trains capable of maximum speeds of 125 miles per hour. The Authority is the lead state agency for the Environmental Impact Report (EIR), and the Federal Railroad Administration (FRA) is the lead federal agency for the Environmental Impact Statement (EIS). In early 2004, the Authority released for comment its draft program-level EIR/EIS for a 700 mile high-speed train system serving Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego. High-speed trains would be capable of maximum speed of at least 200 miles per hour with an expected trip time from San Francisco to Los Angeles in just over 2 hours and 30 minutes. The Authority projects the system to carry up to 42 – 68 million passengers per year by 2020 at a low passenger-cost per mile.

In November 2005, the Authority certified its Final program-level EIR/EIS. It modified the preferred alignment and station locations for the Final Program EIR/EIS to include:

- further study for a wide corridor between Burbank and Los Angeles Union Station;
- a Central California Traction alignment option between Sacramento to Stockton; and
- a commitment to work with local, state, and federal agencies on more planning studies between Fresno and Bakersfield to evaluate including a Visalia access point.

This year the Authority began work on a number of activities that will lead to implementing a high-speed rail system. The Authority worked on completing its project financial plan, selecting a project management consultant, and other project management activities. It continued work on identifying high priority right-of-way segments that merit preservation. The Authority has prepared and issued a number of requests for proposal for preliminary design and environmental work on specific segments of the high-speed rail corridor. Lastly, the Authority continues to work on completing its program level EIR/EIS for an alignment between the Bay Area and the Central Valley.

High-Speed Rail Bond Measure

SB 1169, enacted in 2005, delayed the submission of a $9.95 billion high-speed rail bond measure from the November 2004, as called for by SB 1856 in 2002, to the November 2006 ballot. The impetus for the delay was the state budget deficit and the funding uncertainty that faces the remainder of the state transportation program.

The Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century would have provided $9 billion in bonds issuances in conjunction with available federal funds to plan and construct a high-speed rail system pursuant to the business plan of the High-Speed Rail Authority. Another $950 million would have been available for capital projects on other passenger rail lines to provide connectivity to the high-speed system and for capacity enhancements and safety improvements to those lines.

AB 713 (Torrico) extended the deadline from the November 2006 date to November 2008. The high-speed rail project will not receive any of $19.9 billion in Proposition 1B bond funds that passed November 2006.

Amtrak Restructuring

Amtrak continues to face an uncertain future. In the Amtrak Reform and Accountability Act of 1997, Congress mandated that Amtrak achieve self-sufficiency by the end of 2002 and created the Amtrak Reform Council to review its performance. In February 2002, the Council recommended that Congress restructure Amtrak. Many members of Congress support funding Amtrak to preserve a valuable national asset. Others do not.

Last year on November 30, 2005, the President signed legislation authorizing $1.4 billion in federal aid for the 2006 federal fiscal year. This represented a Congressional rejection of the Administration's original proposal to eliminate Amtrak subsidies. However, the Administration, as it has in past years, proposed a $900 million appropriation for Amtrak, compared to $1.4 billion that the House recommended. The Senate is considering the $1.4 billion request, but it is unlikely to act on the issue before the lame duck session adjourns in December. The debate over conflicting visions for Amtrak will continue, and California's interest in the debate should continue to focus on the need for capital facilities and operating rights.

For California, the potential loss of federal operating subsidies for Amtrak is of relatively little concern. Currently, California pays about $73 million per year in Amtrak operating costs, as compared with $11 million in federal funding. The California contribution is well over one-half the total contribution of all the states.

California is concerned that the State receives a fair share of any federal proposal for funding capital improvements. Past Congressional actions have directed the bulk of Amtrak appropriations to the Northeast Corridor. Previous Senate action targets the bulk of the capital funding toward the Northeast Corridor to bring it up to a state of good repair. The federal government's actions ignore the $1.7 billion that California has invested in intercity rail capital improvements since the mid 1970s.

Of most concern to California, however, is the federal statute that grants Amtrak operating rights, at incremental cost, for intercity rail passenger service on private railroads. If the new Congress considers restructuring, these rights should stay in the public domain, either through Amtrak, another federal agency, or through delegation to the states. Without these operating rights, California's ability to provide state-supported intercity passenger rail service is problematic. Only the route between Los Angeles and San Diego is now in public ownership. If California were to continue service without Amtrak's operating rights, the railroads could either require the state to acquire the right-of-way or to pay significantly more for operating rights than Amtrak now pays.

At the federal level, the issue of Amtrak restructuring remains unresolved. When the Bush Administration and Congress takes up the issue again, California should work through its Congressional delegation protect its state's primary interests, which are:

- Most importantly, preserving Amtrak's operating rights on private railroads.
- Achieving a reasonable share of any federal funding for rail capital improvements by recognizing the contribution of state matching funds.

Real Estate Advisory Panel

Given the increasingly complex and interwoven transportation, land use, and real estate issues facing California, the Commission decided to establish the Real Estate Advisory Panel to advise the Commission. At its May 2005 meeting, the Commission adopted a mission statement for the new advisory panel to:

- Advise the Commission on issues relating to real estate, land use, land use and transportation policies, and existing statutes and proposed legislation and their resulting impact on transportation.
- Advise the staff of the Commission and the Department of Transportation (Caltrans), within the framework of existing statutes and pertinent Commission policies, on maximizing income from leasing and managing properties owned by the state.

The Commission appointed nine members to the Real Estate Advisory Panel; all members are volunteers from the private sector. The Commission originally appointed one Commissioner to serve, as Chair of the Panel. Later, in 2006 the Commission added a second Commissioner to the Panel. The appointees are:

- Russ Davis, Elliot Homes, Sacramento
- Nina Gruen, Gruen Gruen + Associates, San Francisco
- William J. Hauf, William J. Hauf Company, San Diego
- Peter Inman, Inman & Associates, Irvine
- Craig Lewis, Prudential Commercial Real Estate, Modesto
- George E. Moss, Moss Group, Encino
- Jack Nagle, Goldfarb & Lipman, Oakland
- Roslyn B. Payne, Jackson Street Partners Ltd., San Francisco
- Richard Zelle, Allied USA Corporation, Los Angeles
- Joe Tavaglione, California Transportation Commission
- Jim Ghielmetti, Panel Chair, California Transportation Commission

2006 Activities

In 2006, the Real Estate Advisory Panel met four times. At its initial meeting, Caltrans provided the Panel members an overview of its right-of-way processes related to asset management, airspace and excess lands, appraisals and marketing.

During the year, the Panel:

- Advised Caltrans on several direct property sales to local agencies. The Commission approved the direct property sales that Caltrans brought to the Commission for consideration.
- Advised Caltrans on a proposed exchange of Caltrans property for another parcel, where the public agency would also provide, at no cost to Caltrans, a turnkey maintenance station as part of the exchange. The Commission considered the proposal and approved conceptually the proposed exchange, because it would be several years before the property exchange, with the completed maintenance station, could occur.

- Offered suggestions to Caltrans on its stratagems to improve and revise its property management practices for evaluating properties for retention and sale.

Legislation

During the year, the Panel also commented on several bills and one ballot initiative at the request of the Commission. The Panel dealt with bills proposing changes to eminent domain law and eligibility criteria for low- to moderate-income persons seeking to buy housing declared excess by public agencies. Lastly, the Panel provided its advice on Proposition 90, which dealt with eminent domain.

The Panel reviewed AB 1617 (Liu) which sought to make changes to the "Roberti Bill" (SB 86, 1979, Government Code Sections 54235-54238.7) requirements. The Panel thought that the "Roberti bill" requirements for selling excess properties on Route 710 corridor for less than fair market value to eligible low- to moderate- income renters was a piece meal approach to the affordable housing problem. The Panel suggested a global approach. One approach, assuming an approved environmental document opts for a tunnel under South Pasadena, would be to sell all the excess residential properties at fair market value. A majority of the revenues derived from the sales would pay, in part, for the new underground transportation facility. The Cities of Los Angeles, Pasadena and South Pasadena would receive the remaining revenues to provide low- to moderate-income housing for their share of eligible low- to moderate-income renters in the Route 710 corridor. The Commission acted on the Panel's advice. The Commission attempted to amend AB 1617, through its author, to incorporate a global approach for providing low- to moderate-income housing in the Route 710 corridor, but was unsuccessful. AB 1617 failed to pass out of the Legislature.

SB 1210 and SB1650 were bills that dealt with eminent domain issues. SB 1210 (Torlakson) clarified what was eligible for litigation expenses, ex parte application for possession, and permitted the property owner to request the public entity to pay for an independent appraisal. An appraiser licensed by the Office of Real Estate Appraisers would conduct the independent appraisal. The Panel advised the Commission that both parties should agree upon the appraiser selected. The Commission decided not to take action on the Panel's advice. SB 1210 will become law in 2007 without the additional clarification.

SB 1650 (Kehoe) requires the governing body to adopt another resolution of necessity if the entity does not use the acquired property for the original use. If the public entity decides the property is excess and sells it, then the public entity shall pay the previous owner(s) the sum of any financial gain between the original acquisition price, adjusted for inflation, and the final sale price. The Real Estate Advisory Panel advised the Commission that the proposed legislation would increase the costs for public agencies to deliver capital projects, provide a windfall to the original owners and require the Department of Transportation to continue its role as a housing and property management agency. The Commission considered the advice and decided to oppose the bill. It informed the author of its opposition to the bill and urged the Administration to veto the bill. SB 1650 will become law in 2007.

SB 710 (Torlakson) makes changes to the process that a state agency uses to dispose of surplus residential property. Part of the process requires state agencies to offer single-family residences for sale to the present occupants who meet specified conditions and then to housing-related private and public entities under specified conditions. SB 710 proposed to add an asset limitation to the conditions that present occupants are required to meet in qualifying to purchase a single-family residence. Further, under the bill a public entity cannot offer a single-family residence to the present occupants, who are not the former owners of the property, if the present occupants have had an ownership interest in real property in the last three years. The Panel advised the Commission that the provisions would strengthen the existing statutes and close oversights in the law. The Commission considered the advice and decided to support SB 710. SB 710 will become law in 2007.

Proposition 90, according to its sponsor, was a response to the recent US Supreme Court decision (Kelo v. the City of New London) in which the city used its powers of eminent domain to transfer land from one private owner to another to further economic development. The Proposition would bar local/state governments from condemning or damaging private property to promote other private projects and uses. The initiative would limit a government's authority to adopt certain land use, housing, consumer, environmental, workplace laws/regulations. The fiscal impact, which was potentially significant statewide, would have increased annual government costs to pay property owners for losses to their property associated with new laws and rules, and for property acquisition. The Panel reviewed the Proposition, concluded that it was too broad in its scope, and advised the Commission of its conclusions. The Commission considered the Panel's advice and opposed Proposition 90, along with numerous other public agencies. Proposition 90 failed 52 percent to 48 percent at the November election.

Aeronautics Program

The rapidly expanding role of aviation in moving people and goods in the global economy requires the State to act proactively to position itself as a practical and accessible region for commercial and business aviation use. California's economic future depends upon efficient air and surface transportation infrastructure that will connect all areas of the State to the global economy. If California is to remain competitive in the global economy, its aviation system must:

- Facilitate significant growth in air passenger and air cargo movement.
- Provide ground access for and fully integrate increasing freight, business and corporate aviation into the statewide transportation system by having the State and local jurisdictions plan and/or provide highway and arterials in corridors to and from public airports.
- Prevent adverse community impacts caused by aviation by having guidelines in place to provide more protection to airports from incompatible land uses and development.
- Continue a high quality of life for our citizens by integrating land use, transportation and housing, while adhering to established California noise and planning standards for airports.

California cannot meet these goals for its aviation system if it continues to leave aviation decision-making to the vagaries of local politics and priorities alone. The State should take responsibility–in cooperation with local, regional, and federal agencies–for providing the leadership and support needed to develop the aviation system essential to our economy in the 21st Century. California must continually assess its role in aviation to ensure that California remains competitive in the global economy.

The Commission's Aviation Responsibilities

The Commission's primary responsibilities regarding aeronautics include:

- Advising and assisting the Legislature and the Secretary of the Business, Transportation and Housing (BT&H) Agency in formulating and evaluating policies and plans for aeronautics programs;
- Adopting the California Aviation System Plan (CASP); a comprehensive plan prepared by Caltrans that defines state policies and funding priorities for general aviation and commercial airports in California; and
- Adopting and allocating funds under the biennial three-year Aeronautics Program, prepared by Caltrans, which directs the use of Aeronautics Account funds to:
  - o provide a part of the local match required to receive Federal Airport Improvement Program grants; and
  - o fund Acquisition and Development capital outlay projects for airport rehabilitation, safety and capacity improvements at public-use airports.

Technical Advisory Committee on Aeronautics

Under Government Code Section 14506.5, the Commission appoints a Technical Advisory Committee on Aeronautics (TACA) to give advice on the full range of aviation issues considered by the Commission. The current TACA membership includes representatives from airport businesses, aviation divisions of large companies, air cargo companies, pilots and aircraft owners, managers of commercial and rural airports, managers of operations at major commercial airports, metropolitan and local planning organizations, and federal and state aviation agencies.

2006 Activities

Caltrans develops the Aeronautics Program from a 10-year Capital Improvement Plan comprised of a fiscally unconstrained list of projects from eligible airports. The Aeronautics Program, a biennial three-year program of projects, is fiscally constrained. The Aeronautics Account, which receives revenues from State general aviation fuel taxes, funds the Aeronautics Program. Funding from the Aeronautics Program, combined with local matching funds, is used to match federal Airport Improvement Program (AIP) grants and fund capital outlay projects at public-use airports through the Acquisition and Development (A&D) element of the California Aid to Airports Program (CAAP). The CAAP also includes a statutory annual credit grant program, which provides annual nondiscretionary grants of $10,000 for each general aviation airport in the State. Aeronautics Account funds are applied first to Caltrans aeronautics operations and the annual credit grant program. Any remaining funds are then available for the projects in the Aeronautics Program adopted by the Commission.

In March 2006, the Commission adopted the 2006 Aeronautics Account Fund Estimate. Based upon that Fund Estimate, the Commission adopted the three-year 2006 Aeronautics Program in April 2006. The Aeronautics Program consisted of 21 projects that totaled $2,691,700. Fourteen of those projects were carryovers from previous years because the Legislature had diverted revenues from the Aeronautics Account to the General Fund and those projects did not receive an allocation.

In June 2006, the Commission retained a match rate of 10 percent that local agencies must provide to obtain State funds for Acquisition and Development projects. In July 2006, the Commission reduced the Airport Improvement Program (AIP Match) rate from 5 percent to 2.5 percent by the State, thereby increasing the local match required to qualify for federal grants. The reduction in the AIP matching rate will permit previously unfunded A&D non-safety projects to receive State funding during the Fund Estimate period.

During the year, the Commission received advice from its Technical Advisory Committee on Aeronautics regarding the Aeronautics Program and the matching ratios of the Aeronautics grant programs. The Commission also received advice from TACA on pending legislation. The Commission supported bills to increase funding for general aviation capital projects and changes in airport and land use compatibility law.

TACA advised the Commission on SB 1266, specifically focusing on criteria for selecting road and highway projects in trade corridors that would help accommodate cargo to and from airports. TACA recommended that the Commission adopt criteria that:

- Require plan(s) be coordinated with airports, regional agencies and Caltrans district(s).
- Balance distribution of available funds across trade corridors.
- Allow for multi-phased projects.
- Improve access to intermodal air cargo facilities.
- Require projects be deliverable in the near term

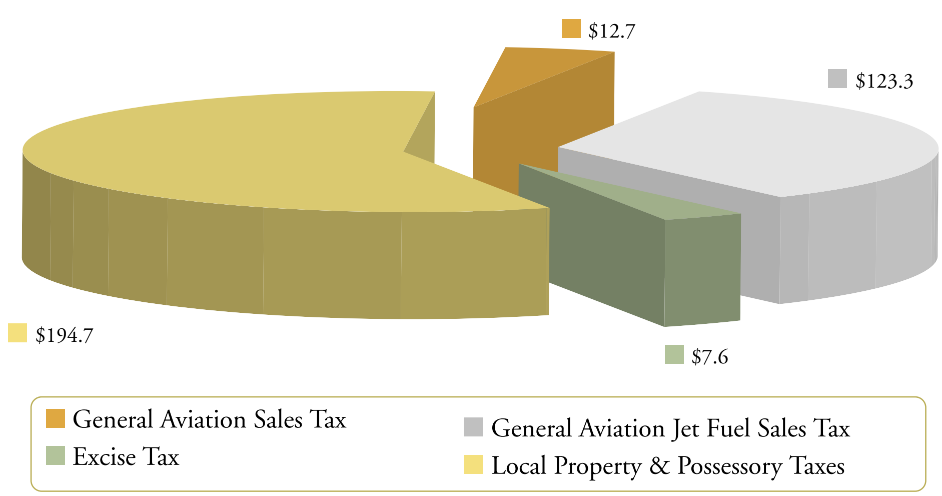
- Encourage use of other funds.
- Require stakeholder acknowledgement of benefit.
- Require projects to demonstrate current demand or anticipated long-term demand.
- Results in improved reliability of air cargo movement.

Existing State Aviation Funding

The State Aeronautics Account represents the sole State source of funding for the Division of Aeronautics and the programs it administers. Revenue sources for the Aeronautics Account include an 18-cent per gallon excise tax on general aviation gasoline and a two-cent per gallon excise tax on general aviation jet fuel. Air carrier, military aircraft and aviation manufacturing are exempt from the two-cent per gallon excise tax on jet fuel. The annual revenue transferred by the State Controller's Office (SCO) into the State Aeronautics Account has steadily decreased. In fact, the highest transfer of $8.4 million occurred in Fiscal Year (FY) 1999-00 and since then it has declined steadily. In fiscal year 2005-06, the SCO reported a transfer of $7.4 million into the State Aeronautics Account, the lowest transfer since FY 1992-93. Although increased general aviation jet fuel sales have helped slow the decline, the downward trend continues. The State Aeronautics Account will continue to decrease until another funding source comes on line.

The latest available data show that aviation activities annually generate $338.3 million in taxes from aviation activities that flow into state and local government coffers, yet only 2.3 percent or $7.6 million from excise taxes addresses aviation needs (see chart on next page). Of the remaining $330.7 million in tax revenues, sales tax on general aviation jet fuel and general aviation gasoline accounts for an estimated $123.3 million and $12.7 million respectively. Property taxes and possessory interests accounts for the remaining $194.7 million. The State General Fund received $77.3 million of the $123.3 million generated from sales and use tax on general aviation jet fuel.

Aviation Revenues and Funding For General Aviation
($ 338.3 Million From Taxes)
(Millions)

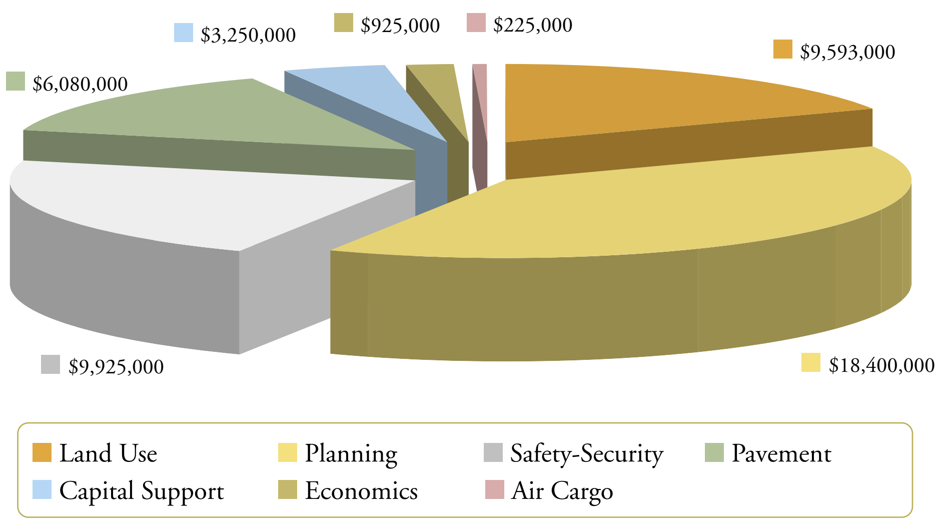


The Commission has long supported increasing state funding to develop an integrated system of airports that adequately meets the demands of California's economy. The Commission supports redirecting a portion of state sales tax revenues from the sale of general aviation jet fuel to fund state aviation programs. These tax revenues are a "user fee" paid by the aviation industry and users, in the same way that sales tax revenues on gasoline and diesel fuel, currently directed to highway and transit program funding, are user fees on drivers.

Estimated Demand For Future State Aviation Funding

The Commission, based on proposals from TACA, recommends that the Legislature and the Administration act to address state aviation system needs through legislation that would provide a stable funding source of about $9 million per year from the general aviation jet fuel sales tax for the Aeronautics Account. The Commission would program and allocate the funding to publicly owned general aviation airports and air carrier public use airports for activities addressing airport safety/security, capacity needs, and needed studies such as economic and land use studies, and comprehensive land use compatibility plans to enhance the capacity and capability of those airports. The chart below shows the estimated five-year need by category.

Fiscal Year (2007/08 - 2011/12)
Five-Year Estimated Need By Category
($48.4 Million)



At the Commission's direction, TACA will work in 2007 with representatives of the Business, Transportation and Housing Agency and the Department to:

- Identify potential roles and policies for the State in developing California's aviation system.
- Support appropriate legislative proposals that would:
  - o Dedicate the Aeronautics Account revenues derived from the existing aviation fuel excise tax and the potential set-aside of a portion future general aviation jet fuel sales tax for aviation purposes.
  - o Increase funding for Caltrans to assist smaller airports in securing state and federal

aviation grants to ensure that California receives the maximum amount of federal funding and uses state funds effectively for planning and matching fund purposes.
- o Update the California Public Utilities Code sections 21670 through 21679 to further solidify and strengthen airport land use law to preclude and prevent incompatible land use around airports.
- o Amend current statute to allow local agencies to request Commission approval for an agency to use its own funds to advance funding for the required match of a Federal Airport Improvement Program grant with the promise for later repayment by the State.

- Authorize and fund the Caltrans Division of Aeronautics to provide information to pilots and business aviation departments to promote the use of a larger number of California's airports and use more efficiently the existing system capacity. Existing and newly upgraded facilities often are not used to their potential. Caltrans could help to manage both highway congestion and runway congestion by marketing alternatives to congested airports that are within a convenient distance of major business destinations, especially in light of the growth of air taxi services using small very light jets.

Federal Re-authorization of Vision 100

Vision 100, Century of Flight Authorization Act of 2003, is a four-year statute that lapses this year. Congress will consider the re-authorization of Vision 100 in 2007. The act provides funding for the Federal Aviation Administration's Airport Improvement Program. These revenues are extremely important for the overall preservation and enhancement of California's Public Use Airport System. Nationwide the annual authorized AIP funding levels were:

Annual AIP Funding Levels:
Federal FY 2004 $3.4 billion
Federal FY 2005 $3.5 billion
Federal FY 2006 $3.6 billion
Federal FY 2007 $3.7 billion

California typically receives around 8 to 10 percent of the funds appropriated. Over the past several years, the federal administration has proposed smaller appropriations than the authorized levels for the AIP program, including General Aviation Airport Entitlements, and the Small Community Air Service Development Program. The trend towards smaller appropriations could mean a smaller re-authorization, which would negatively impact the funding for nearly 200 of California's general aviation airports. The Legislature and Governor should inform the California Congressional delegation of the need to maintain and increase the federal funding, including appropriations, for aeronautics in the next re-authorization.

2006-07 Environmental Enhancement and Mitigation Program

The Environmental Enhancement and Mitigation (EE&M) Program was established to fund environmental enhancement and mitigation projects directly or indirectly related to transportation projects, and funding is ordinarily provided by a $10 million annual transfer to the EE&M Fund from the State Highway Account. EE&M Program 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).

Section 164.56 of the Streets and Highways Code mandates that the Resources Agency evaluate projects submitted for the program and that the Commission 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 need not be a transportation- or highway-related organization, but it 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 between California's 45 northern and 13 southern counties.

To date, a total of 547 projects have been programmed by the Commission at a total cost of $125.4 million. Approximately 34 percent have been highway landscape and urban forestry projects, 37 percent resource land projects, and 29 percent roadside recreation projects.

In July 2005, Governor Schwarzenegger vetoed funding for the 2005-06 the EE&M Program. This was the first time since the EE&M Program was created in 1989 that the program was not funded.

2006-07 EE&M Program

The 2006-07 budget included $10 million in funding for the EE&M Program. It is anticipated that the Resources Agency will submit its recommended project list to the Commission in January 2007 for programming and allocation. The Commission will report on the projects funded through the EE&M Program in 2006-07 in its 2007 Annual Report to the Legislature.

In 2005-06, the Resources Agency evaluated 98 projects with a total cost of $116 million. From this list of projects, the Resources Agenda had recommended 44 projects for $10 million in EE&M funding.

Proposition 116 Programs

In 2006, the Commission allocated $3.9 million from the proceeds of Proposition 116, the $1.99 billion initiative bond measure approved in June 1990. As of December 2006, 16 years later, $165 million of the original authorization still remains unallocated.

Proposition 116 enacted the Clean Air and Transportation Improvement Act of 1990, designating $1.99 billion for specific projects, purposes, and geographic jurisdictions, primarily for passenger rail capital projects. Of this amount, Proposition 116 authorized $1.852 billion for the preservation, acquisition, construction, or improvement of rail rights-of-way, rail terminals and stations, rolling stock acquisition, grade separations, rail maintenance facilities, and other capital expenditures for rail purposes; $73 million for 28 nonurban counties without rail projects, apportioned on a per capita basis, for the purchase of paratransit vehicles and other capital facilities for public transportation; $20 million for a competitive bicycle program for capital outlay for bicycle improvement projects that improve safety and convenience for bicycle commuters; another $30 million to a water-borne ferry program ($20 million competitive and $10 million to the City of Vallejo) for the construction, improvement, acquisition, and other capital expenditures associated with water-borne ferry operations for the transportation of passengers or vehicles, or both.

The funds authorized under Proposition 116 are made available under a two-step process that is analogous to STIP funding and similar to the process later used for the Traffic Congestion Relief Program. First, the Commission programs the funds for projects eligible under the original authorization, which it does by approving project applications that define a project's scope, schedule, and funding. Then the Commission allocates the funds when the project is ready for funding.

The following table displays the amounts of the original Proposition 116 authorizations and the amounts that remain unallocated:

STATUS OF PROPOSITION 116 AUTHORIZED FUNDING			
County	**Agency, Project**	**Original Authorization**	**Remaining Unallocated**
Humboldt/Mendocino	North Coast Railroad Authority	10,000,000	117,288
Los Angeles	Caltrans, Alameda Corridor	80,000,000	5,171,684
Los Angeles	Los Angeles County MTA, rail	229,000,000	62,083
Los Angeles/San Diego	Various Agencies, rail	45,000,000	405,281
Los Angeles/Santa Barbara	Various Agencies, rail	17,000,000	35,875
Monterey	County, rail	17,000,000	4,180,000
Nonurban Counties	Counties, transit capital	73,000,000	87,571
Orange	City of Irvine, guideway	125,000,000	121,298,778
Peninsula Corridor	Peninsula Corridor JPB, Caltrain	173,000,000	953,657
Sacramento	Sac. Regional Transit, rail	100,000,000	4,931
Santa Clara	Santa Clara VTA, rail	47,000,000	137,957
Santa Cruz	County, rail	11,000,000	10,700,000

County	Agency, Project	Original Authorization	Remaining Unallocated
San Joaquin	SJCOG, Altamont Corridor	14,000,000	65,130
San Joaquin Corridor	Caltrans, San Joaquin Corridor	140,000,000	14,563,352
Solano	City of Vallejo, ferry	10,000,000	472,841
State Parks and Recreation	Museum of rail technology	5,000,000	5,000,000
Statewide	Competitive, bicycle	20,000,000	460,847
Statewide	Competitive, water-borne ferry	20,000,000	29,350
Statewide	Caltrans, rail, undetermined	1,000,000	1,000,000
Total		**$1,137,000,000**	**$164,746,625**

Potential Reallocation of Funds

Under the terms of Proposition 116, all funds authorized for an agency were to have been obligated or spent by July 1, 2000, unless economically infeasible. For any funds not expended or encumbered by July 1, 2000, Proposition 116 permits the Legislature to reallocate funds by statute to another rail project within the same agency's jurisdiction. In the case of Caltrans, the reallocation must be to a state-sponsored passenger rail project. The Legislature has not yet reallocated Proposition 116 authorizations by statute, although in 2004 it did delete the statutory reference to $1 million for a Caltrans project without designating a substitute passenger rail project. After July 1, 2010, the Legislature may reallocate any unencumbered Proposition 116 funds to another passenger rail project anywhere in the state. Any legislative reallocation must be passed by a two-thirds vote in each house of the Legislature.

For the $73 million apportioned to 28 nonurban counties on a per capita basis, Proposition 116 also provides that the Commission may reallocate any funds remaining unprogrammed after December 31, 1992 on a competitive basis to other public transportation capital projects from any of the same counties.

Status of Individual Authorizations

The following is a summary of the status of the individual authorizations that remain unallocated as of December 2006:

- **Peninsula Corridor (Caltrain).** Proposition 116 authorized and the Commission allocated $173 million to the Peninsula Corridor Joint Powers Board (PCJPB) for Caltrain capital improvements and acquisition of rights-of-way in San Francisco, San Mateo, and Santa Clara Counties. The originally allocated projects were completed. A balance of $953,657 remains unallocated and available to the PCJPB for other Caltrain projects.
- **Humboldt and Mendocino Counties.** Proposition 116 authorized and the Commission allocated $10 million to the North Coast Railroad Authority (NCRA) for improvement of rail service, including rail freight service and tourist-related services, important to the regional economy of Humboldt and Mendocino Counties. As a result of project deletions, the sale of five rail cars, and disallowed project costs, this authorization now has an unallocated balance of $282,174. Of this amount, $164,886 represents disallowed costs that NCRA has agreed to repay over time ($12,000 per year from 2005 through 2007, and $42,962 per year from 2008 through 2010). Excluding the debt for

disallowed costs, the net balance available to the NCRA is $117,288.

- **Los Angeles.** Proposition 116 authorized $80 million and the Commission allocated $74.8 million to Caltrans for grade separations along the Alameda-San Pedro branch rail line connecting Los Angeles and Long Beach Harbors with downtown Los Angeles and paralleling Alameda Street, to alleviate vehicle traffic congestion, conserve energy, reduce air pollution in the area, and facilitate the more efficient and expeditious shipment of freight to and from the Los Angeles and Long Beach Harbors. The allocated projects were completed. A balance of $5,171,684 remains unallocated and is available to Caltrans for grade separations in the Alameda Corridor, or could be reallocated by the Legislature to Caltrans for state-sponsored passenger rail projects anywhere in the state.
- **Los Angeles.** Proposition 116 authorized and the Commission allocated $229 million to the Los Angeles County Transportation Commission, now the Los Angeles County Metropolitan Transportation Authority (MTA), for expenditure on rail projects within Los Angeles County. The allocated projects were completed. A balance of $62,083 remains unallocated and is available to the MTA for rail projects within Los Angeles County.
- **Monterey.** Proposition 116 authorized $17 million to the Transportation Agency for Monterey County (TAMC) for extension of Caltrain service or other rail projects within Monterey County. To date, $9.82 million has been programmed and allocated for the Monterey County Branch Line extension to reestablish rail transportation between San Francisco and Monterey, a service that ran from 1880 until 1971. The use of the $9.82 million was for right-of-way acquisition and related right-of-way costs. These activities have been completed. Another $3 million is programmed for the Caltrain extension from Gilroy to Salinas. Of that amount, $0.94 million has been allocated for right-of-way/appraisal activities. TAMC has indicated it expects to request reprogramming and allocation of the other $2.06 million in 2007-08 but has yet to indicate when it expects to request programming of the remaining $4.18 million.
- **Nonurban Counties.** Proposition 116 authorized $73 million for apportionment on a per capita basis to 28 nonurban counties without passenger rail projects. These amounts were available for paratransit vehicles or other public transportation capital projects. Through project close-outs and deletions, a total of $87,571 now remains unallocated. Under the terms of Proposition 116, the Commission may reallocate the remaining funds on the basis of a competitive grant program to public transportation capital projects in any the 28 counties. The Commission is required to adopt regulations or guidelines governing the competitive program before doing so.
- **Orange.** Proposition 116 authorized $125 million to the City of Irvine for "construction of a guideway demonstration project." Of that amount, the Commission allocated $3.7 million to the City of Irvine for study of the Orange County Centerline light rail project in Irvine. The balance of $121.3 million remains unprogrammed and unallocated. In July 2005, the Orange County Transportation Authority (OCTA) Board voted to discontinue the Orange County Centerline light rail project. The City of Irvine is currently pursuing the idea of another project in the area that is Proposition 116-eligible and will be presenting information to the Commission in early 2007 on the project.
- **Santa Clara.** Proposition 116 authorized and the Commission allocated $47 million to the Santa Clara County Transit District, now the Santa Clara Valley Transportation Authority (VTA), for expenditure on rail projects within Santa Clara County. The al-

located projects are now complete. A balance of $137,957 remains unallocated and is available to the VTA for rail projects within Santa Clara County.

- **Santa Cruz.** Proposition 116 authorized $11 million for intercity rail projects connecting the City of Santa Cruz with the Watsonville Junction or other rail projects within Santa Cruz County "which facilitate recreational, commuter, intercity and intercounty travel." To date, the City of Santa Cruz has been allocated $300,000 for ongoing and new pre-acquisition activities for the Santa Cruz Branch Line recreational rail project, including appraisals. The remaining $10.7 million remains unprogrammed and unallocated. The purchase of the Santa Cruz Branch Line is also programmed in the STIP for $10 million in 2007-08. The Santa Cruz County Regional Transportation Commission is currently working on the environmental documents and appraisal work.
- **San Joaquin.** Proposition 116 authorized and the Commission allocated $14 million to the San Joaquin Council of Governments for expenditure on rail projects along the Stockton-Manteca-Tracy corridor to the Alameda County line (Altamont Corridor). The allocated projects are now complete. A balance of $65,130 remains unallocated and is available to the San Joaquin Council of Governments for Altamont Corridor rail projects, or could be reallocated by the Legislature to any other rail project in San Joaquin County.
- **San Joaquin Corridor.** Proposition 116 authorized and the Commission allocated $140 million to Caltrans for expenditure on improvements to the Los Angeles-Fresno-San Francisco Bay Area passenger rail corridor and extension of the corridor to Sacramento. A balance of $14,563,352 remains unallocated is available to Caltrans for other projects in this corridor, or could be reallocated by the Legislature for state-sponsored passenger rail projects anywhere in the state.
- **Solano.** Proposition 116 authorized and the Commission allocated $10 million to the City of Vallejo for expenditure on water-borne ferry vessels and terminal improvements. With the deallocation of project savings, an unallocated balance of $472,841 remains available. The City has submitted an application to the Commission for allocation of the remaining funds pending the receipt of a Bay Conservation Development Commission permit.
- **Statewide Bicycle.** Proposition 116 authorized $20 million for a program of competitive grants to local agencies for capital outlay for bicycle improvement projects which improve safety and convenience for bicycle commuters. This entire amount was at one time programmed and allocated. However, through cost savings and project deletions, $460,847 remains unprogrammed and unallocated. The Commission is evaluating other competitive bicycle programs to determine the best use of the remaining funds.
- **Statewide Rail - Caltrans.** Proposition 116 included a $1 million authorization to Caltrans (Public Utilities Code Section 99621) to complete a survey of all rail rights-of-way in the state. In 1993, Caltrans completed this survey using other funds and never applied for the Proposition 116 funding. Chapter 193, Statutes of 2004 (SB 111) deleted Section 99261 and its reference to the survey. However, SB 111 did not reallocate the authorization to another project. Under the terms of Proposition 116, the $1 million remains available, subject to authorization by the Legislature, which may only be "for a state-sponsored rail project" (Section 99684(c)).
- **Statewide Water-Borne Ferry.** Proposition 116 authorized and the Commission allocated $20 million for a program of competitive grants to local agencies for the construction, improvement, acquisition, and other capital expenditures associated with

water-borne ferry operations for the transportation of passengers or vehicles. Through the deallocation of project cost savings, $29,350 remains unallocated. The Commission is currently determining the best process to program and allocate the small amount remaining.

- **State Museum Department of Parks and Recreation.** Proposition 116 authorized $5 million to the Department of Parks and Recreation (DPR) for construction of the California State Museum of Railroad Technology, to be provided "when sufficient funding for the entire project is available." None of this funding has ever been programmed or allocated. The California State Parks Foundation estimates that the total cost of the museum to be $25 million. DPR has stated that its share of project costs has not increased because acquisition costs, such as right-of-way and buildings, are being donated by the new developer, Millenia Associates. The DPR has submitted its notice of intent for the Proposition 116 funds to the Department of Finance and the Legislature.

2006 Commission Activity

In 2006, the Commission allocated $3.9 million in Proposition 116 funding, including $215,945 to Calaveras County for a bikeway project in San Andreas; $625,000 to Caltrans for parking and circulation improvement projects at the Sacramento Amtrak Depot; $2,003,000 to Caltrans for stabilization of rail track bed in the city of Del Mar; $540,955 to the Capitol Corridor Joint Powers Authority for track improvements on the Capitol Corridor in Santa Clara; and $500,000 to the Peninsula Corridor Joint Powers Board for the design of ADA pedestrian crossing and platform improvements at the Palo Alto Caltrain Station.

The following table lists the allocations made by the Commission during 2006:

2006 PROPOSITION 116 ALLOCATIONS		
County	**Agency, Project**	**Allocated Amount**
Calaveras	Calaveras County, bike	215,945
Sacramento	Caltrans, rail	625,000
San Diego	Caltrans, rail	2,003,000
Santa Clara	CCJPA, rail	540,955
Santa Clara	PCJPB, rail	500,000
Total		**$3,884,900**

2006-07 Elderly Individuals and Individuals with Disabilities Transit Program

In October 2006, the California Transportation Commission (Commission) adopted the annual state project list for the Federal Transit Administration (FTA) Section 5310 Elderly Individuals and Individuals with Disabilities Persons Transit Program (Program), including projects for 91 local agencies at a cost of approximately $16 million.

Background

In 1975, Congress established the Section 5310 program to provide financial assistance for nonprofit organizations to purchase transit capital equipment to meet the specialized needs of elderly and disabled individuals for whom mass transportation services are unavailable, insufficient, or inappropriate. Congress later extended program eligibility to public bodies that certify to the Governor that no nonprofit organizations are readily available in their area to provide the specialized service. The Program's implementing legislation designated the Governor of each state as the program administrator. In California, the Governor delegated this authority to the Department of Transportation (Caltrans).

In 1996, state legislation (AB 772) assigned the Commission a role in the Program. It mandated that the Commission direct the allocation of Program funds, establish an appeals process, and to hold at least one public hearing prior to approving each annual Program project list. To implement this mandate, the Commission developed an annual Program review and approval process in cooperation with regional transportation planning agencies, state and local social service agencies, the California Association for Coordinated Transportation, and Caltrans.
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The process adopted by the Commission calls for each regional agency to establish scoring based on objective criteria adopted by the Commission. A State Review Committee then reviews the scoring and creates a statewide priority list using the same criteria. The State Review Committee consists of representatives from the State Departments of Rehabilitation, Developmental Services, Aging and Transportation, with Commission staff acting as facilitator. When the State Review Committee has completed its review, the Commission staff and the committee hold a staff-level conference with project applicants and regional agencies to hear any appeals based on technical issues related to scoring. After the staff conference and a public hearing, the Commission adopts the annual Program project list. All projects receive 88.53 percent federal funding and require an 11.47 percent local match.

New Program Requirement

With the passage of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) certain federal formula programs, including the Section 5310 Elderly Individuals and Individuals with Disabilities Transit Program, are required to be derived from a coordinated public transit-human services transportation plan for funding received in Federal Fiscal Year (FFY) 2006-07.

SAFETEA-LU did not define a coordinated plan, but FTA proposes to define the coordinated plan as a unified, comprehensive strategy for public transportation service delivery that identifies the transportation needs of individuals with disabilities, older adults, and individuals with limited incomes, lays out strategies for meeting these needs, and prioritizes services. The FTA has indicated that final formal written guidance related to the coordinated planning requirement will be released in February 2007.

California is unique in that the State legislature requires that Caltrans, in conjunction with the Commission, initiate Program activities well in advance of applying for the annual cycle funding. Following the normal project delivery timeline, Caltrans distributed applications for the FFY 2006-07 cycle in early October 2005 prior to any formal written guidance from the FTA regarding the need to have a locally developed, coordinated public transit-human services transportation plan.

The Department decided to continue moving forward with the FFY 2006-07 Program cycle and will continue to work with the FTA to ensure that there is no delay in the grant approval process.

The Department identified several activities that the State and local agencies have undertaken since the passage of SAFETEA-LU that they believe meet the coordinated planning requirements. Each applicant and regional agency certified, upon submission of their grant application, that:

- All requirements and conditions of the Program have been met.
- The projects recommended for funding were included in the region's public participation process as required by Statewide and MPO Planning Regulations.
- The projects recommended for funding are consistent with the local area's Regional Transportation Plan.
- The projects in urbanized areas recommended for funding will be included in the Federal Transportation Improvement Plan.

In addition, the State and local communities participated in the FTA's "United We Ride" Framework for Action effort, which is a comprehensive evaluation and planning tool to help State and local community leaders and agencies involved in human service transportation and transit service, along with their stakeholders, improve or start coordinated transportation plans and services.

FFY 2006-07 Program Cycle

For the FFY 2006-07 Program, Caltrans received applications from 124 eligible agencies for approximately 442 projects totaling $20.3 million. Caltrans estimated FFY 2006-07 program capacity at $14 million. Caltrans also indicated that project savings in the amount of $2 million from previous cycles is available to fund projects. The actual level of funding for FFY 2006-07 will depend on the actual federal appropriation.

In accordance with the Commission's adopted procedures, all applications were scored locally using the Program procedures adopted by the Commission. The State Review Committee subsequently reviewed and, in some cases, modified the regional score for those projects, again, using the Commission's adopted procedures. Projects with a scoring difference between the regional and the State Review Committee scores were discussed with the regional transportation planning agency.

Commission staff and the State Review Committee conducted the required staff-level conference on September 13, 2006 for all stakeholders to discuss the statewide-prioritized list and hear any appeals on technical issues that affected the scoring. Four written appeals were presented to the State Review Committee during the staff level conference. No verbal appeals were heard. A statewide-priority list was subsequently assembled based on the rescoring of the appealed project scores.

The Commission held its public hearing and approved the priority list on October 11, 2006. The Commission directed Caltrans to allocate funds to projects on the adopted list down to the level of actual available funding. The approved Program project list for FFY 2006-07 would fund 91 agencies for 220 replacement vehicles, 62 service expansion vehicles, and 38 supporting equipment projects.

Section 5310 Statewide List Federal FY 2006-07 Cycle		
AGENCY	**COUNTY**	**AMOUNT**
Bay Area Outreach & Recreation Program (BORP)	Alameda	$ 56,000
Coalition for Elders' Independence (DBA Center for Elders Independence)	Alameda	$ 287,500
Fred Finch Youth Center	Alameda	$ 100,000
Social Vocational Services, Inc. Emeryville	Alameda	$ 112,000
Butte County Association of Governments – Magalia	Butte	$ 115,000
Caminar	Butte	$ 48,000
Work Training Center for the Handicapped, Inc.	Butte	$ 210,000
Calaveras County Department of Public Works	Calaveras	$ 378,000
Colusa County Transit Agency	Colusa	$ 186,000
Las Trampas Inc.	Contra Costa	$ 200,000
Rehabilitation Services of Northern Ca (RSNC)	Contra Costa	$ 48,000
Del Norte Association for Developmental Services	Del Norte	$ 50,000
El Dorado County Transit Authority	El Dorado	$ 408,000
Fresno County Economic Opportunities Commission	Fresno	$ 502,000
WestCare California	Fresno	$ 43,000
ARC- Imperial Valley	Imperial	$ 236,000
Inyo-Mono Association for the Handicapped, Inc.	Inyo	$ 56,000
Bakersfield Association for Retarded Citizens, Inc.	Kern	$ 230,000
Desert Area Resources and Training	Kern	$ 269,500
New Advances for People with Disabilities	Kern	$ 295,893
North of The River Recreation and Park District	Kern	$ 96,000
People Services, Inc.	Lake	$ 112,000
Access Services Inc.	Los Angeles	$ 699,975
Asian Rehabilitation Service, Incorporated	Los Angeles	$ 112,000
Braswell Rehabilitation Institute	Los Angeles	$ 86,000
City of Glendale	Los Angeles	$ 284,000
City of Whittier	Los Angeles	$ 56,000

AGENCY	COUNTY	AMOUNT
East Los Angeles Remarkable Citizens' Association, Inc. (dba EL ARCA)	Los Angeles	$ 280,000
Goodwill Southern California	Los Angeles	$ 56,000
Junior Blind of America	Los Angeles	$ 129,000
Lanternman Dev. Center	Los Angeles	$ 93,000
Pomona Valley Transportation Authority	Los Angeles	$ 279,000
Social Vocational Services, Inc. Santa Fe Springs	Los Angeles	$ 56,000
Social Vocational Services, Inc. Torrance	Los Angeles	$ 56,000
Tarzana Treatment Centers	Los Angeles	$ 100,000
UCP Los Angeles	Los Angeles	$ 200,000
Valley Village	Los Angeles	$ 325,000
Villa Esperanza Services	Los Angeles	$ 100,000
Watts Labor Community Action Committee (WLCAC)	Los Angeles	$ 74,972
Aldersly Garden Retirement Community	Marin	$ 50,000
Marin Senior Coordinating Council, Inc.	Marin	$ 336,000
Ukiah Senior Center	Mendocino	$ 57,500
MediCab Mobile Ministries	Merced	$ 266,400
Veterans Home of California - Yountville	Napa	$ 217,700
Gold Country Telecare, Inc.	Nevada	$ 137,000
Abrazar, Inc.	Orange	$ 151,740
Easter Seals Southern California	Orange	$ 100,000
Golden Rain Foundation of Laguna Woods	Orange	$ 186,000
St. Jude Hospital, Inc.	Orange	$ 86,000
Pride Industries One, Inc. (dba CTSA of Placer County)	Placer	$ 685,000
Angel View Crippled Children's Foundation, Inc.	Riverside	$ 56,000
Foundation for the Retarded of the Desert	Riverside	$ 110,000
Peppermint Ridge	Riverside	$ 130,502
Sunline Transit Agency	Riverside	$ 62,000
Paratransit, Inc.	Sacramento	$ 685,832
United Cerebral Palsy of Greater Sacramento, Inc.	Sacramento	$ 240,000
Barstow Employment Specialized Training Opportunities, Inc. (BEST)	San Bernardino	$ 51,900
Omnitrans	San Bernardino	$ 453,000
OPARC	San Bernardino	$ 100,000
Rancho Cucamonga & Fontana Family YMCA	San Bernardino	$ 61,500
Vista Guidance Centers	San Bernardino	$ 256,000
ARC of San Diego	San Diego	$ 50,000
Charles I. Cheneweth Foundation	San Diego	$ 424,000
Community Catalysts	San Diego	$ 50,000
San Diego Center for the Blind	San Diego	$ 112,000
Sharp HealthCare Foundation	San Diego	$ 86,000
St. Madeleine Sophie's Center	San Diego	$ 133,500
Supporting Alternative Solutions, Inc.	San Diego	$ 100,000
Edgewood Center for Children and Families	San Francisco	$ 86,000
Mobile Assistance Patrol (MAP)	San Francisco	$ 51,500
On Lok Senior Health Services	San Francisco	$ 200,000

AGENCY	COUNTY	AMOUNT
St. Mary's Adult Day Health Care	San Francisco	$ 112,000
San Joaquin Regional Transit District	San Joaquin	$ 690,000
United Cerebral Palsy Association of San Luis Obispo County (Ride-On)	San Luis Obispo	$ 191,315
Achievekids	Santa Clara	$ 86,000
Hope Services, Santa Clara County	Santa Clara	$ 150,000
Outreach & Escort, Inc.	Santa Clara	$ 672,000
Community Bridges	Santa Cruz	$ 13,638
HOPE Services, Santa Cruz County	Santa Cruz	$ 150,000
Shasta Senior Nutrition Programs	Shasta	$ 96,000
Karuk Tribe of California	Siskiyou	$ 43,000
City of Benicia	Solano	$ 25,000
City of Rio Vista	Solano	$ 64,200
PACE Solano	Solano	$ 431,600
Becoming Independent	Sonoma	$ 115,000
Tehama County Opportunity Center, Inc. (dba North Valley Srv.)	Tehama	$ 60,000
Tehama County Public Works	Tehama	$ 48,000
Porterville Sheltered Workshop	Tulare	$ 168,000
WATCH Resources, Inc.	Tuolumne	$ 8,000
Assoc. for Ret. Citizens - Ventura County, Inc.	Ventura	$ 43,000
Camarillo Health Care District	Ventura	$ 100,000
Total		**$16,065,667**

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Terri Rosnow
Maura Twomey
Jennifer Waldon
Mitchell Weiss

California Transportation Commission
1120 N Street, MS-52
Sacramento, California 95814
Tel: 916.654.4245
Fax: 916.653.2134