**REPORT TO THE LEGISLATURE**

# REIMBURSABLE STATE TRANSPORTATION IMPROVEMENT PROGRAM PROJECTS IMPLEMENTED PRIOR TO ALLOCATION

APRIL 2012

Prepared by the California Department of Transportation, Division of Local Assistance

**REPORT TO THE LEGISLATURE**

**REIMBURSABLE STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) PROJECTS IMPLEMENTED PRIOR TO ALLOCATION**

## PURPOSE:

This report was prepared in accordance with Section 14529.19(b) of the Government Code
(Gov. Code), which states:

“Notwithstanding Section 7550.5, on July 1, 2000, and annually thereafter, the department shall compile information and report to the Legislature on the number of projects for which an agreement to transfer funds under subdivision (a) was executed and on all projects for which an agreement was not executed within the period provided under subdivision (a) and the reasons therefore. The information provided by the department shall include a description of any actions taken by the department during the prior fiscal year to streamline, expedite, and simplify the department’s process for executing the agreements to transfer funds required under subdivision (a).”

The purpose of the report is to provide the Legislature with information on efforts to help local agencies accelerate projects and receive timely reimbursement.

## BACKGROUND:

Senate Bill (SB) 45, Chapter 633, Statutes of 1997, provided 75 percent of funds allocated through the State Transportation Improvement Program (STIP) for projects selected by regional agencies. The 75 Percent Program, entitled the Regional Transportation Improvement Program (RTIP), allows regional agencies to program State and Federal STIP funds for projects on the State Highway System or on eligible local roads. Under the STIP guidelines, agencies must request allocation for their projects through the California Transportation Commission (CTC).

Assembly Bill (AB) 872, Chapter 572, Statutes of 1999, amended by SB 184, Chapter 462, Statutes of 2007, permits a regional or local agency to spend its own funds in order to implement projects programmed in the STIP in advance of CTC approval of project allocations. The regional or local agency will be reimbursed for the expenditures subsequent to the CTC’s approval of the allocation. Regional or local agencies have to comply with all legal requirements for the project, as specified in state and federal law. Per SB 184, section 14529.17 of the Gov. Code, the statute is limited to projects advanced for expenditure within the current fiscal year STIP. Per AB 872, section 14529.19 of the Gov. Code, the California Department of Transportation (Caltrans) is required to execute the program supplement agreement within
90 days from the date on which the CTC approves an allocation for the project.

AB 872 was passed in order to streamline the process by which local agencies may begin projects and was an attempt to “spend down” the large amount of dollars that had accumulated in the State Highway Account (SHA) in the late 1990s. The Legislature was concerned that the allocation process impeded the delivery of transportation projects programmed in the STIP. Local agencies could expedite a project using their own funds, with the expectation of receiving an allocation vote from the CTC. Once a project is allocated, Caltrans is required to execute an agreement within 90 days of the allocation and an agency can request reimbursement from Caltrans. This would increase the delivery of local projects within a given fiscal year.

## PROJECT DATA:

Under AB 872, 23 allocations totaling $14,882,000 were made between April 1, 2011, and March 31, 2012, for 23 projects. Detailed information about the projects is shown on the attachment to this report. The agreements for seven projects were executed within 90 days of allocation. Caltrans sent agreements to the local agencies for 13 projects within the 90 day period, and sent agreements for three projects after the 90 day period. The agreements were signed by the local agencies after the 90 day period. This delayed execution of the agreements for 16 projects.

## PROGRAM CHALLENGES:

The budget difficulties faced by the State of California continue to create an unstable funding source for transportation projects. Beginning in July 2010, the Caltrans implemented the Fiscal Year 2010–11 Federal-aid Project Guidelines (FPFG) and applied the FPFG to the STIP in order to maximize the use of federal funds and save state funds. In recent years, many STIP projects have been allocated with federal funds, however, the majority of AB 872 projects in past years have been for Planning, Programming, and Monitoring (PPM) projects, which cannot receive federal funds and can only be funded by state funds. Agencies are invoking SB 184 in order to begin expending their own funds to continue work on projects despite the lack of state funding. The CTC made 23 allocations under AB 872 for this report period, which represents a 36 percent increase in the number of allocations reported in last year’s report.

## SUMMARY:

Between April 2011 and March 2012, 23 allocations were made under the provisions of AB 872 for 23 projects. The agreements were processed within the 90 day period provided in the legislation for seven of the projects on the report. Caltrans sent agreements to the local agencies for 13 projects within the 90 day period, and sent agreements for three projects after the 90 day period. The agreements were signed by the local agencies after the 90 day period. This delayed execution of the agreements for 16 projects.