

State of California  
Business, Transportation and Housing Agency  
Department of Transportation

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POLICY MATTERS  
Draft Guidelines for TCR Program  
Information Item  
CTC Meeting: August 23-24, 2000

Agenda Item: 4.3

*Original Signed By*  
\_\_\_\_\_  
W. J. EVANS, Deputy Director  
Finance  
August 1, 2000

### **DRAFT GUIDELINES FOR TRAFFIC CONGESTION RELIEF (TCR) PROGRAM**

**At its August 28, 2000 meeting, the Commission will conduct a public hearing on the attached draft Guidelines to implement the Traffic Congestion Relief Act of 2000. After consideration of comments, the Commission intends to adopt the Guidelines at its September 28-29, 2000 meeting in San Francisco.**

Government Code Section 14556.11 requires the California Transportation Commission (Commission) to establish guidelines to implement the Traffic Congestion Relief Act of 2000 (the Act), which was established by Chapters 91 (AB 2928) and 92 (SB 406) of the Statutes of 2000. These statutes require the Commission to adopt guidelines within 90 days of the effective date (July 6, 2000) of the Act, to consult with the Department of Transportation (Department) and representatives of regional and local agencies in developing the guidelines, and to hold one public hearing prior to adopting the guidelines.

At its June 2000 meeting, in anticipation of approval of the Act, the Commission established a taskforce with representatives from regional agencies, the Department, the Business Transportation and Housing Agency, and the Commission to provide direction for the development of the Guidelines. At its July 19, 2000 meeting, the Commission conducted a public workshop on the Act and the proposed approach to developing the Guidelines. The draft Guidelines were jointly drafted by Department and Commission staff, considering the guidance from taskforce members as well as comments received at the July workshop.

The draft Guidelines will also be the subject of a workshop discussion as part of the regularly scheduled Regional Transportation Planning Agencies meeting in Ventura at 10:00 a.m. on August 23, 2000, prior to the scheduled Commission meeting.

The draft Guidelines apply to all projects, funds, and lead applicant and implementing agencies specified in Government Code Section 14556.40, from article 5 of the Act. The Guidelines become effective upon adoption by the Commission.

Attachment

08-10-00

**CTC/CT JOINT DRAFT**

**CALIFORNIA TRANSPORTATION COMMISSION  
GUIDELINES FOR  
TRAFFIC CONGESTION RELIEF ACT OF 2000**

**Resolution G-00-\_\_**

**To Be Adopted September 28, 2000**

**CALIFORNIA TRANSPORTATION COMMISSION  
GUIDELINES FOR  
TRAFFIC CONGESTION RELIEF ACT 2000**

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## 1 AUTHORITY AND PURPOSE

- 1.1 Authority and Scope:** Government Code Section 14556.11 requires the Commission to establish guidelines to implement the Traffic Congestion Relief Act of 2000, which was established by Chapters 91 (AB 2928) and 92 (SB 406) of the Statutes of 2000. These statutes require the Commission to adopt guidelines within 90 days of the effective date (July 6, 2000) of the act, to consult with Caltrans and representatives of regional and local agencies in developing the guidelines, and to hold one public hearing prior to adopting the guidelines.

These guidelines apply to all projects, funds, and lead applicant and implementing agencies specified in Government Code Section 14556.40, from article 5 of the act. The guidelines become effective upon adoption by the Commission. In using these guidelines, the Commission will comply with pending statutes to take effect January 1, 2001.

The Commission may amend these guidelines at any time after first giving notice of the proposed amendments and conducting one public hearing.

- 1.2 Definitions:** For purposes of the guidelines the following definitions apply:

- Act means the Traffic Congestion Relief Act of 2000.
- Program means the Traffic Congestion Relief Program as defined in the act.
- Project means any of the projects specified in numbered paragraphs in article 5 of the act.
- Alternative project means an alternative or substitute project replacing one specified in article 5 of the act.
- Funds, unless otherwise clarified or noted, means the state funds authorized for each project specified in article 5 of the act.
- Cooperative agreement means a contract between the state (Caltrans) and a local or regional implementing agency to carry out specified work using specified funds, under conditions specified therein; for some projects a series of cooperative agreements may be executed, with an original master agreement covering specified work followed by one or more supplemental agreements adding to the original.
- Allocation means the Commission's direction to Caltrans to authorize expenditure of specified funds for specified project work, and then to include those funds in a cooperative agreement which encumbers the funds, or to encumber those funds to a project if Caltrans is the implementing agency.
- Encumbrance means designation of an amount of funds pledged and secured within the Traffic Congestion Relief Fund and authorized to

be expended for a project, for reimbursement of expenditures on the project by a local or regional agency upon execution of a cooperative agreement, or for expenditure by Caltrans if Caltrans is the implementing agency.

- Applicant means the lead applicant agency designated in article 5 of the act; where the statute lists more than one applicant, the agencies should consult and agree which one will take the lead responsibility.
- Commission means the California Transportation Commission.
- Caltrans means the state Department of Transportation.
- Implementing agency means the agency responsible for carrying out the work necessary to complete the project.
- Regional agency means the agency responsible under state statutes for the regional transportation plan or Regional Transportation Improvement Program, as appropriate for the reference.

**1.3 Purpose and Objectives of Guidelines:** These guidelines are intended to clarify and interpret statutes and to guide and facilitate local, regional and state actions related to defining, scoping, approving, funding and implementing the projects identified in the act. The Commission intends with these guidelines to:

- Limit the scope of guidelines consistent with the act.
- Clarify roles and responsibilities.
- Expedite project approval, funding, and implementation.
- Provide flexibility to accommodate the broad range of projects in the act.
- Maintain accountability for actions of the agencies involved.

**1.4 Contact Points:** Generally, applicants and implementing agencies should contact both the Commission (at its staff office in Sacramento) and Caltrans (at its headquarters office in Sacramento) jointly concerning policy issues and interpretation of these guidelines, and submittal of project applications, allocation requests, progress reports, and project amendments, at the mail/fax/e-mail addresses shown in the appendix to these guidelines. Applicants and implementing agencies should contact the Caltrans project coordinator (the person at the appropriate district office designated as responsible to coordinate activities for each project) for general information, matters pertaining to project management, and reimbursement billings; an agency should also apprise the Caltrans project coordinator, with a copy of communications, about discussions and actions involving the Commission and Caltrans headquarters.

Both the Commission and Caltrans will accept communications, project applications, allocation requests, progress reports, and proposed project amendments for this program electronically (by fax or e-mail).

## 2 RESPONSIBILITIES

- 2.1 **Applicant:** The applicant is responsible for:
- Submitting all project applications
  - Securing funding commitments to complete the project
  - Concurring in decisions affecting project purpose, scope, cost, or schedule made by the implementing agency
  - Making progress reports to the Commission
- 2.2 **Commission:** The Commission is responsible for:
- Adopting and amending program guidelines
  - Receiving, reviewing, and approving (or denying) project applications
  - Reviewing draft and final environmental documents as a responsible agency under CEQA
  - Directing the allocation of funds for project implementation
  - Considering and approving amendments to applications or allocations, and minor changes to projects
  - Reporting on program implementation annually to the Legislature and Governor
- 2.3 **Caltrans:** Caltrans is responsible for:
- Co-signing applications for projects on a state highway or intercity rail line or that include interregional improvement funds
  - Reviewing applications and advising the Commission
  - Preparing and executing a cooperative agreement with the implementing agency
  - Allocating funds as directed by the Commission
  - Administering the program, including payout of allocated funds
- 2.4 **Implementing Agency:** The implementing agency is responsible for:
- Carrying out feasibility or environmental studies, preparing plans, acquiring rights of way, and completing construction or procurement, as appropriate to complete the project
  - Ensuring the applicant, Commission, Caltrans, and the regional agency receive notice, opportunity to comment, and final environmental documents required by CEQA
  - Executing a cooperative agreement with Caltrans
  - Requesting allocation of funds
  - Seeking concurrence with the applicant for project changes
  - Fulfilling administrative requirements, including billing for reimbursement

- 2.5 **Regional Agency:** The regional agency is responsible for:
- Ensuring projects are contained in or consistent with the regional transportation plan
  - Co-signing applications for projects that include regional improvement funds
- 2.6 **Overlapping Responsibilities:** For some projects, the applicant and implementing agency may be the same; for some projects, Caltrans or a regional agency may be the applicant, or the implementing agency, or both.

### 3 DEADLINES

- 3.1 **Application:** The statutes require an applicant specified in article 5 of the act to prepare and submit to the Commission an application for each project specified no later than July 6, 2002. For each project for which an application is not received, the statutes require the Commission to notify the Governor and the Legislature and seek statutory identification and approval of another project or projects to use the funds. The Commission may reject without cause any application received after July 6, 2002; the Legislature and Governor may at any time render moot any application received after July 6, 2002 by assigning funds to other projects or purposes.

The statutes allow the Commission 90 days to review and act on applications, but the Commission intends to review applications that are complete and clear in no more than 45 days.

- 3.2 **Allocations:** As noted below, the Commission establishes the time schedule by fiscal year for a project, including the start of work, with its approval of the application. The statutes require the implementing agency to seek an allocation from the Commission and start the first phase of work during the fiscal year scheduled, and failure to do so voids the Commission's approval of the application.

The Commission will consider allocation requests on its regular meeting agenda (the Commission generally meets every five weeks), except as allocations may be delegated to Caltrans. The Commission intends to place allocation requests on its next agenda whenever those requests are received at least 21 days before the meeting date, unless an allocation request raises issues which need more time for examination.

- 3.3 **Expenditure and Reimbursement:** State statutes allow up to three years after the date of allocation of funds to a local agency for the implementing agency and Caltrans to execute a cooperative agreement by which Caltrans completes the allocation and encumbers the funds for project expenditures,

and the statutes allow the funds to be available for expenditure and reimbursement for up to five years after the date of allocation of funds, unless the time is extended by an act of the Legislature. Any funds not encumbered or expended by the respective time limits will remain as unused funds in the Traffic Congestion Relief Fund for future use as authorized by the act.

- 3.4 Project Amendment:** The Commission will consider project amendments on its regular meeting agenda (the Commission generally meets every five weeks). The Commission intends to place minor amendments on the consent calendar on its next agenda when received at least 21 days before the meeting date, and intends to consider major amendments expeditiously depending on the significance and complexity of issues and the time needed for examination. The Commission also may approve relatively straightforward project amendments as part of an allocation.

#### 4 PROJECT APPLICATION

- 4.1 Submittal of Application:** The statutes require an applicant to prepare and submit to the Commission an application for each project specified in the act, by July 6, 2002. The statutes describe four phases of work: 1) studies, environmental review, and permits; 2) preparation of project plans and specifications; 3) right of way acquisition; and 4) construction or procurement. Timely submittal of an application covering at least the first phase of work for a project satisfies this requirement.

The Commission recognizes that applicants for some projects may not be able to determine accurately scope, costs, schedules, and funding sources for all project phases in advance of further environmental analysis or financial commitments. Therefore the Commission will accept three types of applications:

- Applications to cover all work to complete the project,
- Applications to cover one or more phases of work, typically through project development, but not including all phases to complete the project, or
- Applications to cover a partial stage of capital construction or procurement but not completion of the entire project specified in the act.

Regardless of type, an application must be complete as to contents and other requirements for any work for which it will serve as the basis for a subsequent funding allocation.

Applicants should submit completed project applications jointly to the Commission and Caltrans, at the addresses listed in the appendix.

- 4.2 **Content and Format of Application:** The Commission expects a complete application to include at a minimum the following information, unless some of the information is not applicable:
- Reference to the numbered paragraph in article 5 of the act that identifies the project and amount of funds authorized for the project.
  - Project title.
  - Identification of, and contact for, lead applicant agency and implementing agency.
  - Description of project location and scope (including county, route and post mile limits for projects on the state highway system).
  - Map of project location.
  - Purpose of project.
  - Cost and committed sources of funding to cover any phases of work included in the application.
  - Schedule for starting and completing any phases of work included in the application, by month, and projected dates to begin and complete any remaining phases of the project.
  - A proposed financial plan for the entire project, including breakdown of project cost for each of the four project phases and corresponding proposed funding by amounts and sources of funds, specifying the status of funding commitments.
  - Proposed spread of funds from the act across phases of the project, including justification to support a request for the Commission to consider a spread, fund advance, or rate of reimbursement different from a proportional spread across all project phases.
  - Documentation from the regional agency that a project with proposed phases involving right-of-way or construction is included in or is consistent with the regional transportation plan.
  - Signature of authorized representative of the lead applicant agency.
  - Co-signature of an authorized representative of the regional agency if the project will use funds from the Regional Transportation Improvement Program, and Caltrans if the project will use funds from the Interregional Transportation Improvement Program or make improvements to the state highway or intercity rail system.

A sample project application form is included in the appendix to these guidelines, and is also available on the internet at [www.ct.gov/transportation](http://www.ct.gov/transportation). Although not mandatory, use of the standard format may facilitate review and expedite approval of an application.

- 4.3 **Project Financial Plan:** The Commission will use the financial plan in the application to evaluate the project's financial feasibility and to help guide its decisions related to spread of funds among the project phases, percentage rates of reimbursement of costs during each phase of the project, and advance payments of funds. The Commission needs a plan consistent with the project's schedule, covering all phases of the project

included in the application as well as subsequent phases that may be applied for at a later date, showing total amount of funding available or proposed by fund source and by fiscal year needed to complete the entire project. Any expected funding not yet committed to the project should be noted and explained.

The Commission presumes funding from the act will be spread proportionally across all phases and stages of the project, but it will consider requests to advance or delay use of funds from the act. Any request for disproportional spread of funds between project phases, for disproportional rates of reimbursement of costs within a project phase, or for advance payment of funds must be explained and justified for consideration by the Commission. The Commission will take into account at least demonstration of financial hardship for the implementing agency, net savings in cost for the overall project, or ability to accelerate the project schedule in determining the spread or advancement of funds.

The applicant takes responsibility for cost estimates for all project phases, based on consultation with the implementing agency. The financial plan should indicate current base costs for project phases, with spread of costs into future years escalated at the rates currently specified for the State Transportation Improvement Program.

- 4.4 Other State and Federal Program Requirements:** The act did not waive statutory requirements applying to other state programs, and the Commission cannot do so either. The Commission's adoption of these guidelines does not amend or waive guidelines for other state programs. Thus applicants may need to consider, in preparing an application, requirements and timelines for other programs from which projects in this program will also receive funds.

The Commission particularly advises applicants to consider federal requirements that will apply to all projects receiving federal funds, requiring a federal agency permit, or posing a regionally-significant air quality impact; many projects in the act will also need supplemental federal funding from the State Transportation Improvement Program and/or federal permits, and a few may affect air quality at a regional scale. While some federal requirements, such as contract, labor, and reporting requirements, may be avoided on early project phases by using only state or local funds on those phases, the environmental requirements of NEPA must be followed for any project that will subsequently use federal funds on any phase or require one or more federal permits; applicants should contact the designated Caltrans project coordinator for more detail about federal project requirements.

- 4.5 Application for Alternative Project:** The statutes allow a lead applicant agency to submit an application for an alternate or substitute for a project specified in the act, excluding intercity rail projects, if certain conditions can be met. The Commission expects lead applicant agencies to consider thoroughly all projects specified in the act before seeking an alternative project, and exhaust all reasonable efforts to eliminate or relieve the conditions that would cause a project specified in the act to be abandoned. In addition to all other requirements of an application, an application for an alternative project must demonstrate that the specified project to be replaced satisfies at least one of four statutory conditions: 1) it will be significantly delayed by environmental or other factors external to the control of the lead applicant agency that are not likely to be removed within a reasonable time; 2) sufficient funds will not become available to secure the funds specified in the act and complete the project within a reasonable time; 3) the designated project is not in or consistent with the respective regional transportation plan, and the regional agency will not or cannot include it; or 4) completion of the specified project would jeopardize the completion of other projects programmed in the State Transportation Improvement Program as of July 2000.

The statutes also require an alternative project to be located within the jurisdiction of the lead applicant agency and designated to relieve congestion consistent with the act. An applicant can meet this requirement by demonstrating that the alternative project serves substantially the same purpose as the project being replaced.

- 4.6 Review of Applications:** The statutes require the Commission to begin review of an application within 30 days, and to act within 90 days, of receipt of the application; if the Commission receives an incomplete or ambiguous application and needs to send it back for more information, the timeline starts upon receipt of the information requested. When many applications are received and must be reviewed concurrently, the Commission will undertake review in the time order received, although the time needed to complete review may vary depending on complexity, clarity, and completeness of the applications. In fact, for applications that are complete and clear, the Commission intends to complete review within 45 days or less. Caltrans will review applications concurrently with the Commission, and may present its advice or recommendations for Commission consideration.

Commission approval of the proposed schedule and financial plan in the application sets the schedule by fiscal year and funding for any phases of the project covered by the application, in the context of the whole project, unless or until the application may subsequently be amended as described in section 7 of these guidelines. In making a determination about schedule and funding, the Commission will consider at least the proposed schedule,

the availability and mix of funds from all sources that make up the project financial plan, special needs that may be documented in the allocation request, and the availability of funds from the act.

- 4.7 Commission Approval of Applications:** The statutes require the Commission to approve or deny an application within 90 days of receipt of an application, or of receipt of additional information the Commission may have requested from the applicant.

The statutes require the Commission to approve an application which meets the requirements of the act, the adopted guidelines, and any other applicable statutes, and an application which substantially meets these requirements and the applicant has agreed to modifications requested by the Commission. Commission approval of an application establishes:

- Scope, cost, schedule, and funding participation for all phases of work included in the application, subject to subsequent amendment,
- Eligibility for the implementing agency to start reimbursable work and seek allods,
- The time schedule by fiscal year for implementation of each project phase, including the deadline for securing an allocation and starting work on the first phase, and
- The spread of funds to be allocated to project phases, the percentage rate of reimbursement of costs within project phases, and approval of any advance payments for specified phases of a project.

The statutes require the Commission, if it denies an application, to document and communicate to the applicant the reasons for denial. The Commission will also specify a reasonable time deadline for submittal of an amended application for reconsideration, or an application for an alternative project, taking into consideration the complexity, size, and challenges of the project.

## 5 ALLOCATION OF FUNDS

- 5.1 Commission Allocations:** The Commission will allocate funds only when the implementing agency is ready to start (or continue) work and requests an allocation for that work. The implementing agency should send a request for allocation of funds jointly to the Commission and Caltrans, at the addresses listed in the appendix. Allocation requests for a study or initial phase of work may be submitted concurrent with the project application. Commission approval of an allocation request authorizes Caltrans to complete the allocation and encumber funds for expenditure on a project by executing a cooperative agreement with the implementing agency, and then to reimburse eligible expenditures by the implementing agency as specified in the allocation approval.

Requests for allocations should include all information in the format contained in the appendix. Allocations will be made in units of \$1,000, and allocation requests should therefore be rounded to the nearest \$1000. Copies of the allocation request form are available on the internet at [www.caltrans.ca.gov/contracts/allocations.htm](http://www.caltrans.ca.gov/contracts/allocations.htm). Additionally, an allocation request for the construction or procurement phase of a transit project (rail, bus, or ferry) must be accompanied by demonstration of financial capability to operate service once the project has been completed.

The Commission allocates funds only for work specified in an approved application (except for the special case noted in section 5.4 of these guidelines). Generally, an allocation covers at least one complete phase of work, and may cover more than one. The allocation will specify the amount of funds allocated to each project phase, except the Commission may specify a unified amount for project development usable for both environmental studies and preparation of plans and specifications. At the first allocation, the Commission will indicate how it intends to spread the total funding authorized by the act among the phases of the project; however, the Commission may revise the spread of funds for later phases of work if it determines later that a different spread of funds would facilitate earlier implementation and completion of the project.

At the time of each allocation the Commission will also determine the percentage rate of reimbursement of costs for each phase of work, and any advance payments. Different rates of reimbursement may be specified for different phases.

The statutes prohibit reimbursement of costs incurred prior to Commission approval of a project application. Project costs incurred after Commission approval of the project application but prior to execution of a cooperative agreement may be reimbursed retroactively. An implementing agency may start work using other funds, at risk, before application approval, but those expenditures cannot be reimbursed.

The Commission considers allocation requests on its regular agenda, which requires notice and preparation time, except as delegated below. The Commission intends to consider on the next upcoming agenda allocation requests received at least 21 days before its meeting date, with priority by date of receipt and for projects where a final draft the cooperative agreement between Caltrans and the implementing agency has already been completed, unless the allocation request raises issues related to the approved application which require more time for examination.

The Commission delegates to Caltrans approval of allocation requests received within 90 days of Commission approval of a project application where the allocation matches the scope of work and funding amount

approved in the application, unless the Commission directs otherwise in its approval of the application.

Whenever the Traffic Congestion Relief Fund contains a sufficient balance, the Commission will allocate funds to projects or project phases earlier than the dates approved in the project application, upon request as long as the work is ready to start imminently.

**5.2 Cooperative Agreement Timing:** The statutes require a local or regional implementing agency to execute a cooperative agreement with Caltrans to carry out the project and get reimbursed from allocated funds. The Commission urges Caltrans and implementing agencies to undertake and if possible complete the final draft of a cooperative agreement, as specified in Section 6.1 of these guidelines, by the time of allocation of funds. A completed final draft cooperative agreement will typically allow the Commission to expedite an allocation, but the Commission will not delay an allocation because a final draft has not yet been completed. However, for those allocations delegated to Caltrans, the final draft cooperative agreement must be completed and ready for execution before allocation.

**5.3 Environmental Documents:** Sections 21100 and 21150 of the Public Resources Code require, for a project that will cause significant environmental impacts, that all analysis and documentation of those impacts under the California Environmental Quality Act, including any findings by the agency, must be completed before final decisions on project scope, design features, and cost including mitigation can be made. Thus, for projects requiring preparation of an EIR, pursuant to Public Resources Code Section 21102 the Commission may allocate funds to undertake both environmental studies and preparation of plans and specifications as necessary to make decisions on project feasibility, scope and design features. The Commission may allocate funds for early acquisition of right of way pursuant to Caltrans' current policy; the Commission will allocate funds for construction or procurement only after final environmental documents and findings have been completed, including an opportunity for review by the Commission, and the agency has decided to proceed with the project.

**5.4 Special Case Projects**

**North Coast Railroad:** As required in Government Code Section 14556.50, the Commission will allocate funds authorized by the Act in paragraph 32, Government Code Section 14556.40 (a) for the North Coast Railroad in accordance with the amounts, schedules and conditions specified in the following paragraphs. Unless otherwise directed by the

Commission all other requirements of the guidelines will apply for allocation and use of the funds.

To defray the North Coast Railroad Authority's administrative costs the Commission will allocate to the Authority:

- \$ 250,000 at the first Commission meeting following enactment of the State Budget Act of 2000.
- \$ 250,000 by December 30, 2000.
- Up to \$ 500,000 by June 30, 2001 if the Commission determines that additional funding is needed.

To complete the Authority's rail line projects from Lombard to Willits and from Willits to Arcata, the Commission will allocate to the Authority:

- \$ 600,000 for Lombard to Willits at the first Commission meeting following enactment of the State Budget Act of 2000.
- \$ 1,000,000 for Willits to Arcata by October 30, 2000.

To implement environmental remediation projects the Commission will allocate to the Authority:

- \$ 4,100,000 by October 30, 2000 as directed by the Commission

The Commission will allocate to the Authority, subject to any direction the Commission deems appropriate, the remaining funds authorized in paragraph 32 for the following purposes in amounts not to exceed that specified below:

- \$ 5,000,000 to upgrade the Authority's rail line to Class II or III status.
- \$ 10,000,000 for the Authority's debt reduction.
- \$ 1,800,000 for use by the Authority as match local funds.
- \$ 5,500,000 to repay the Authority's federal loan obligations.
- \$ 31,000,000 to fund long term railroad stabilization projects.

**Alameda Corridor East:** The Commission may not allocate funds to any of the Alameda Corridor East projects specified in the act in paragraphs 54, 55, and 73 of Government Code Section 14556.40 (a) until a report has been completed and submitted to the Commission, within one year of enactment of this section of statute. The report shall be prepared by a team consisting of the lead applicants for the projects. The report shall address regional mobility needs as well as regional, state, and national economic impacts of the corridor. The team shall also evaluate and assess the technical merits, determine the phasing and delivery schedule, and identify a financing strategy for the proposed corridor improvement.

After the report has been submitted, based on good faith participation by the stakeholders, the Commission shall allocate some or all of the

available funds to one or more of the lead applicants for specific projects within the corridor that meet the requirements under this chapter of the act.

## 6 ADMINISTRATION OF FUNDS

**6.1 Cooperative Agreement:** The statutes require a local or regional implementing agency to execute a cooperative agreement with Caltrans before it can be reimbursed for project expenditures. The implementing agency should contact the designated Caltrans project coordinator for detailed requirements and a standard agreement, and to complete the agreement. The cooperative agreement:

- constitutes a binding contract between the state and implementing agency governing expenditure of state funds, and completes allocation and encumbrance of funds for expenditure on a project,
- verifies the local or regional agency's resources and capability to carry out the project, and allows for assumption of the agreement by a successor agency,
- specifies all state requirements for administration of the work and contracts, reimbursement of funds, real property acquisition, accounting and auditing; for projects involving funds from other state programs, in particular the State Transportation Improvement Program, the cooperative agreement also may include further requirements pertaining to those other programs, and will lay out federal requirements for those projects that include federal funding or require permits from federal agencies,
- specifies how additional project costs will be covered and how cost savings will be used or distributed among the financial contributors to the project or project phase,
- contains a certification, by resolution of the governing board of the local or regional agency, as required in the statutes, that during the time an allocation of funds from the act is available for use the agency will not use those funds to backfill or supplant funds from other sources currently planned and used for transportation purposes and will sustain a level of transportation expenditures, including reservations and averaging of fluctuating or one-time expenditures, consistent with the level of its program as of 1999-2000.

The state requirements in a cooperative agreement typically include, but may not be limited to, the following:

- Project information, including financial data, from the application
- Special conditions from the project application
- Non-discrimination clauses
- Contract advertising and award requirements from State Contract Act

- Definition of eligible and ineligible costs
- State accounting, records retention, and audit requirements
- Right of way requirements, including relocation, utilities, encroachment permits, and disposal of excess property
- Operation, maintenance, and control of the completed project
- Liability and hold harmless clauses
- Conditions of acceptance and termination.

**6.2 Reimbursement:** Generally, implementing agencies will receive funds as reimbursement for billings submitted to Caltrans, except where Caltrans is the implementing agency or where the Commission authorized advance payments per section 4.7 of these guidelines. The terms of the allocation and cooperative agreement will govern reimbursement; Caltrans will reimburse all billings at the percentage rate defined in the allocation, which should be the ratio of funds from the act as a proportion of all funds for that phase of work, unless the allocation and cooperative agreement specify otherwise.

The Commission and Caltrans expect implementing agencies to be reimbursed expeditiously, and the statutes require Caltrans to use electronic reimbursement procedures to the extent prudent and practical. However, the State Controller actually issues reimbursement checks from the state General Fund, with attendant processing and delivery time, and presently does not reimburse electronically.

**6.3 Advance Payments:** The Commission may authorize, if requested by the applicant, one advance payment for project development work including studies, environmental review and permits, and preparation of project plans and specifications, and one advance payment, subject to a demonstrated need, for the implementation phases of a project including right-of-way acquisition, construction or procurement; for projects that include studies only, and for the North Coast Railroad project in section 5.4 of these guidelines, the Commission may authorize lump sum grant payments for the whole scope of an allocation. The Commission expects to consider and approve requests for advance payments during its approval of the project application, which contains the financial plan for the project, but it may consider a request for advance payment at allocation if project circumstances have changed.

The implementing agency should request an approved advance payment by submitting a bill to Caltrans at the beginning of work for the agreed-upon advance amount; Caltrans will then debit the advance amount and succeeding reimbursements at the approved percentage reimbursement rate until the allocation has been expended; Caltrans will recover the appropriate share of any savings in total cost at the end of work, as specified in section 6.4 below and the cooperative agreement.

- 6.4 Cost Increases and Savings:** The treatment of cost increases and savings should be defined in the cooperative agreement, within the following guidelines. The statutes limit the amount of funds available for allocation to a project to the amount authorized in the act. If cost increases require additional funding to complete a project, the lead applicant agency and implementing agency will be responsible for securing additional funds from sources other than the act.

The statutes allow the implementing agency, with concurrence from the applicant, to notify the Commission of cost savings for any project phase using funds from the act and then to use those savings on a later project phase. The notification should include the reason for the savings and how the agency intends to use the funds from the savings for later phases of work.

The statutes require savings at the end of a project, if a project is completed at a total cost lower than estimated in the approved project application, to be divided among all funding sources contributing to the project in the proportion each of the funding sources bears to the total funding for the project as defined in the application.

- 6.5 Audits:** All funds authorized by the act, allocated, and expended will be subject to financial and compliance audits by the State Controller's Office and by Caltrans' Office of External Audits. The implementing agency assumes responsibility to establish and maintain records of project costs, expenditures, allocations, and reimbursements in accordance with state audit requirements. State audit requirements should be included in the executed cooperative agreement described in section 6.1 above. Upon completion of a project, the implementing agency will prepare and submit to Caltrans a final project expenditure report documenting all project expenditures, before it can receive final payment.

## 7 PROJECT AMENDMENTS

- 7.1 Changes to the Project:** The Commission may have to consider changes to a project at any time in the process: during consideration of the application, after an application has been approved, or following an allocation.

If the Commission returns an application because of incomplete information or ambiguity, or if the Commission denies an application, the statutes allow the applicant to submit a new application, and give the Commission 90 days to reconsider it. In the case of an incomplete initial application or Commission denial of an application, the Commission will determine a reasonable time deadline for submittal of an amended

application for reconsideration, or an application for an alternative project, taking into consideration the complexity, size, and challenges of the project.

Once the Commission has approved a project application, the implementing agency assumes responsibility for managing the scope, cost and schedule for the project consistent with the approved application, with concurrence on major changes from the lead applicant agency and any other funding partners. The Commission understands that external factors through the environmental process, design considerations, right of way needs, construction contract matters, and other factors may cause the implementing agency to want to or have to change the project scope, cost, and schedule, and possibly project purpose. The Commission intends to allow and expedite project amendments consistent with its oversight responsibilities for the act.

**7.2 Minor Changes:** The statutes allow the Commission to approve minor changes to in scope, cost, or schedule of any phase of work as long as the requested changes are consistent with the purpose of the project in the approved project application. The Commission intends to approve minor changes on the consent calendar at its next upcoming meeting, if it receives a request from the implementing agency at least 21 days before the meeting date.

**7.3 Major Changes Requiring Amendment of the Application:** The Commission will consider requests for major changes to project purpose, scope, cost, schedule, or implementing agency as amendments to the project application. Major changes include, but are not necessarily limited to, the following circumstances:

- change in implementing agency,
- change in project purpose that alters or takes away from the purpose approved in the application,
- change in project scope and/or cost that requires additional funding from the State Transportation Improvement Program or other sources requiring approval by an agency other than the implementing agency,
- change in project financial plan that would disproportionately change the mix of funding for the project,
- change in project schedule that advances or delays future allocation dates for funds from the act,
- change in allocations between project phases, or reimbursement rates or advance payments from allocations.

The Commission expects the implementing agency to bring forward any amendment that would change the schedule of a future phase of a project before the date that phase is to start, and may reject without further cause any amendment brought forward after the scheduled start date has passed.

The applicant, or the implementing agency with concurrence from the applicant, may submit jointly to the Commission and Caltrans proposed amendments to an approved application for project phases that have not yet received an allocation of funds. The Commission may consider and approve some changes to an application through its approval of an allocation, but for significant changes to project scope, cost, and schedule agencies should expect the Commission to consider an application amendment on its regular meeting agenda. The Commission may approve amendments at first consideration, with regular 10-day agenda notice, if no one objects or raises issues that need further examination.

The statutes require the implementing agency to report, in a timely manner, to the Commission if the first phase of a project cannot be completed on schedule such that delays to subsequent phases of the project may result, explaining the reasons for the delays and probable impacts on the project. After reviewing the report, the Commission may then reconsider the project application and request modifications to the project schedule and other elements of the application. If it deems appropriate, the Commission may instead postpone its reconsideration of the application until completion of the environmental phase of the project.

**7.4 Changes after Allocation:** An implementing agency may request to increase an allocation if the cost of a phase increases unexpectedly, for example because of unforeseen environmental or design considerations or an increase in the real estate market affecting right of way. The Commission may approve a supplemental allocation, advanced from the funding designated for a future phase, up to the amount that would preserve the approved proportional reimbursement rate throughout the phase with increased costs, if the implementing agency can satisfy the Commission that sufficient funding will be available to complete the project.

**7.5 Project Delays and Failures:** The statutes require the implementing agency to make diligent progress toward completing the project. If it does not, the statutes allow the Commission to review the status of the project, and, if it determines that the applicant or agency implementing the project is not pursuing the work and use of funds diligently, the Commission may rescind its allocation, leaving unused funds in the Traffic Congestion Relief Fund for future use as authorized by the act.

If the Commission and applicant determine that a project is being delayed by factors external to the control of the applicant or implementing agency and those factors are not likely to be removed within a reasonable time, the Commission may rescind its allocation, reserve any unused funds remaining from the original project, and allow the applicant to submit a new application for an alternative project. The Commission will

determine a reasonable time deadline for submittal of the new application, which must conform to the requirements in these guidelines, taking into consideration the situation the applicant faces in coming up with a new project.

## 8 PROGRESS OF PROJECT IMPLEMENTATION

**8.1 Fund Condition:** The Commission, with assistance from Caltrans, will monitor appropriations to, encumbrances from, and balances in the Traffic Congestion Relief Fund to ensure the fund contains an adequate balance to cover allocations, reimbursements, and contingencies. The Commission will keep track of project savings that need not be allocated, and rescinded allocations or project savings which had been allocated but were not expended, leaving unused funds in the Traffic Congestion Relief Fund for future use as authorized by the act; the Commission will report annually to the Governor and the Legislature on fund condition and balances, including excess funds not needed for remaining projects specified in article 5 of the act.

**8.2 Progress Reports:** To assist the Commission in assessing the program and preparing its annual report, each lead applicant agency will prepare and submit jointly to the Commission and Caltrans project progress reports for each project identified in the act, twice a year by May 1 and November 1, at the addresses listed in the appendix; the first reports are due by November 1, 2000. Each report shall include the estimated or actual date for submittal of the project application, estimated or approved project costs by phase, implementation schedule by phase, and expenditures and status of work, until projects have been completed. The report should identify and discuss any significant issues which may impact implementation of the project including financial constraints and commitments, environmental clearance, regional plan consistency, and impacts on other planned and programmed projects. If the applicant fails to submit timely progress reports, the Commission may report to the Governor and the Legislature that no progress is being made on the project.

To keep the Commission apprised of the flow of projects, Caltrans will notify the Commission, monthly or on an ongoing basis, of all completed allocations, and identify projects for which a cooperative agreement has not been executed within 90 days of a Commission allocation.

**8.3 Annual Report:** The statutes require the Commission to report annually to the Governor and the Legislature on progress in implementing the Traffic Congestion Relief Program, with the first report due by February 1, 2001. These annual reports will assess program-wide implementation progress including projects and project phases for which

applications have not yet been submitted, project schedules, project delays, project failures and cost savings, and discuss opportunities and needs for identifying alternative projects or additional projects; the report may also discuss significant issues with the program and recommend legislative changes that could improve program implementation.

The Commission also intends to submit an additional report to the Governor and the Legislature by September 1, 2002 identifying those projects specified in article 5 of the act for which the Commission did not receive a timely initial project application by the July 6, 2002 deadline.

**9 APPENDICES**

- 9.1 Addresses**
- 9.2 Application Form**
- 9.3 Allocation Request Form**

**Appendix 9.2 - Project Application**

**Traffic Congestion Relief Program**

**Section I. Application Information**

- A. Specify the paragraph number, authorized dollar amount, and project description pursuant to Government Code section 14556.40 (a) (AB 2928, Chapter 91 of the Statues of 2000) authorizing this project:

Paragraph Number: \_\_\_\_\_ Amount: \$ \_\_\_\_\_ million

Description: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- B. Applicant Agency: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone #: \_\_\_\_\_ FAX #: \_\_\_\_\_

Email: \_\_\_\_\_

- C. Implementing Agency: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone #: \_\_\_\_\_ FAX #: \_\_\_\_\_

Email: \_\_\_\_\_

- D. Caltrans District: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Project Manager/Coordinator: \_\_\_\_\_

Phone #: \_\_\_\_\_ FAX #: \_\_\_\_\_

Email: \_\_\_\_\_

E. Application Type:

\_\_\_ Study Only (*Complete Sections II, IV, VI, & VIII*)

\_\_\_ Non-Capital Phase(s)

(*Complete All Sections except VII. Detail for requested phase(s), estimate otherwise*)

\_\_\_ Studies, environmental review, and permits

\_\_\_ Preparation of project plans and specifications

\_\_\_ Capital Phase(s)

(*Complete All Sections except VII. Detail for requested phase(s), estimate otherwise*)

\_\_\_ Right of Way Acquisition

\_\_\_ Construction or Procurement

\_\_\_ Complete Project (*Complete All Sections except VII*)

\_\_\_ Alternative Project (*Complete All Sections*)

**Section II. General Project Information**

A. Project Name: \_\_\_\_\_  
\_\_\_\_\_

B. Project Purpose: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

C. Project Location (*attach a map if applicable*): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

D. Project Description: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E. Project Scope: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

F. Total Estimated Cost of Project: \_\_\_\_\_

G. Project Start Date: \_\_\_\_\_

H. Construction Start Date: \_\_\_\_\_

I. Project End Date: \_\_\_\_\_

**Section III. Project Phase Information**

Phase of work	Scope	Schedule (month/year)		Cost
		Start	End	
1. Studies, environmental review, and permits				
2. Preparation of project plans and specifications.				
3. Right of Way acquisition				
4. Construction or procurement				
			Total:	

**Section IV. Project Phases and TRCP Funds covered by this Application**

	Phase 1	Phase 2	Phase 3	Phase 4	Total
TCRP Funds					
Estimated Allocation Date (month/year)					

A. The Implementing Agency requests TRCP fund allocation in the amount of \$\_\_\_\_\_ concurrent with this Application.

**Section V. Funding Information for the Total Project**

Source	Type		Phase 1	Phase 2	Phase 3	Phase 4	Total
		Committed					
		Proposed					
		Committed					
		Proposed					
		Committed					
		Proposed					
		Committed					
		Proposed					
		Committed					
		Proposed					
		Committed					
		Proposed					
Total:							
Project Totals:							



**Section VII. Justification for Alternative Project Application**

A. Reasons for Alternative Project (check all that apply):

\_\_\_\_\_ Significant delay caused by environmental or other factors external to the control of the lead applicant agency that are not likely to be removed within a reasonable time.

\_\_\_\_\_ Sufficient funds will not become available to secure the funds specified in the act and complete the project within a reasonable time.

\_\_\_\_\_ The designated project is not in or consistent with the respective regional transportation plan, and the regional agency will not or cannot include it.

\_\_\_\_\_ Completion of the specified project would jeopardize the completion of other projects programmed in the State Transportation Improvement Program as of July 2000.

B. Explain items checked above in more detail:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

C. Is the alternative project within the applicant's jurisdiction?

\_\_\_\_\_ Yes

\_\_\_\_\_ No

D. Explain how the proposed project presented in this Application will relieve congestion consistent with the:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section VIII. Signatures of Applicant Agencies**

By affixing the signature(s) below, the agency certifies it has provided complete and accurate information necessary for the California Transportation Commission to review and process this Project Application; that the agency will in good faith pursue this work for the public’s benefit in a timely and diligent manner and comply with all existing and future Commission policies and rulings; and that the Regional Planning Agency or Caltrans has reviewed and approved this project.

\_\_\_\_\_  
Officer or Director of Applicant Agency

\_\_\_\_\_  
Date

\_\_\_\_\_  
Officer or Director of Implementing Agency  
(Required if different from Applicant Agency)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Officer or Director of Regional Transportation  
Planning Agency  
(Required for use of RTIP funding.)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Deputy Director of Finance, Caltrans  
(Required for use of ITIP funding.)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Caltrans District Representative  
(Required for State Highway projects.)

\_\_\_\_\_  
Date