

Memorandum

To: Chair and Commissioners

Date: January 10, 2003

From: Diane C. Eidam,
Executive Director

File No:
Reference Number 4.7
Action

Ref: **Transportation Enhancement Activities (TEA) Program Reform**

Issue: The federal Transportation Equity Act for the 21st Century expires in 2003 and a new federal reauthorization act is expected to take its place. This will provide the Commission with the opportunity to reform the state's programming of federal Transportation Enhancement Activities (TEA) funds prior to the development of the 2004 State Transportation Improvement Program (STIP). The Commission received a report from the TEA Advisory Committee in November 2002 and requested staff to return with recommendations for further Commission action.

Recommendation: Staff recommends that the separate state TEA program in effect since 1998 be discontinued in favor of reintegrating federal TEA funds into the STIP process. Through the biennial STIP fund estimate, the Commission would estimate the level of TEA funding to be programmed through the State Highway Operation and Protection Program (SHOPP) and the remainder to be programmed through the STIP, subject to the 25% interregional and 75% regional split established by SB 45. Staff recommends that this change, together with several TEA-specific recommendations made by the TEA Advisory Committee, be incorporated into the Commission's STIP Guidelines for the 2004 STIP.

Background: The TEA program was first enacted as part of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. The program was defined to include 10 categories of projects, since expanded to 12, with projects broadly falling into five groups:

- 1) Pedestrian and bicycle facilities.
- 2) Scenic beautification.
- 3) Historic preservation, archeology, and museums.
- 4) Wildlife corridors.
- 5) Non-point source water pollution control.

The Commission approved an original program design in 1993, and then redesigned the program in 1998 under the Federal Transportation Equity Act for the 21st Century (TEA-21) and SB 45's STIP reform. With a new federal transportation reauthorization act pending in 2003, now is the time to consider the program's design once again.

In the absence of specific state legislative direction for implementing the federal TEA program, the Commission's initial approach back in 1993 entailed programming TEA projects into the STIP. TEA was, in effect, a statewide competitive program with the Commission exercising sole project selection authority.

With the continuation of the federal TEA program under TEA-21, the Commission redesigned the way the state handled TEA funds, modeled on SB 45 but with TEA removed from the STIP altogether, divided so that 75% of federal TEA funds are subdivided into regional shares, administered as direct local assistance to regional agencies, with the remaining 25% going to a statewide program, with that amount further subdivided three ways: to Caltrans for its own projects, to a competitive statewide program, and to a conservation lands program for large scenic acquisitions of statewide importance.

Under both program designs, TEA project delivery and the state's timely use of its federal TEA funding have been challenging. By September 2000, barely enough TEA projects had been delivered to use the \$210 million made available by ISTEPA before the funds expired. At the beginning of the current federal fiscal year, the sixth and final year of TEA-21, nearly all TEA funds have been programmed but only about 66% had actually been obligated. Thus the TEA program is running about two years behind and at a pace that could put some TEA funds at risk of expiring in September 2006, as they almost did in September 2000. Perhaps the greatest boost to program delivery was the Commission's decision to apply a timely use of funds provision to the regional TEA program, contributing to a significant upturn in the obligation of TEA funds during the past year.

In October 2001, the Commission activated a statewide TEA Advisory Committee to serve as a forum to review TEA reform proposals with a particular emphasis on improving project delivery. The Committee included the following organizations:

- Business Transportation and Housing Agency
- California Resources Agency
- Federal Highway Administration
- League of California Cities
- California State Association of Counties
- Regional Transportation Planning Agencies (Urban)
- Regional Transportation Planning Agencies (Rural)
- California Association of Bicycling Organizations
- Rails to Trails Conservancy
- The Nature Conservancy
- The Trust for Public Lands

The Committee gave a status report to the Commission in August 2002 and returned with its final report in November 2002, recommending the following reforms:

- Combine the current three statewide programs into a single statewide program.
- Have biennial programming cycles with ability to amend projects into the program between cycles.
- Conduct a fair and transparent competitive selection process open to all applicants who meet federal TEA eligibility requirements.
- Set a 20% programmatic and \$5 million per application land acquisitions cap.
- Delegate allocation authority to Caltrans when allocation requests are consistent with original programming.

The committee reported it had spent an extensive amount of time discussing the split between state and regional program shares without reaching consensus on any proposal for change from the current split.

The Commission requested that staff consider the Committee's recommendations and return with a recommendation for further Commission action.

Discussion

The staff's recommendation would reintegrate TEA funding into the STIP process with the objective of making full use, timely use, and the best use of TEA funds in California. This should reduce TEA program fragmentation and provide the Commission greater programming flexibility while still providing assurance of a strong regional role in project selection and a means for Caltrans to nominate larger projects and projects of statewide interest. Projects would be programmed or nominated through the SHOPP, the RTIPs, and the ITIP using the schedules and procedures already established for those documents.

In adopting the STIP fund estimate, the Commission would estimate the amount of federal TEA funding to be made available during the fund estimate time period. The Commission would establish the level of federal TEA funding to be programmed through the SHOPP, just as it already establishes the level of other transportation funds programmed for the SHOPP. The Commission's initial TEA approach back in 1993 basically established a zero level of federal TEA funds in the SHOPP. The Commission's 1998 TEA program reform under TEA-21 is equivalent to a 10% level of federal TEA funds in the SHOPP (40% of the statewide 25% share). After the SHOPP deduction, the remaining federal TEA funds would be available for programming in the STIP.

The STIP county share estimates would identify the minimum amount of TEA programming for each county's programming capacity. The regional agencies and Caltrans would be free to propose more than the minimum amount of TEA projects. If necessary, a mechanism could be built into the STIP Guidelines to permit the TEA minimums for small counties to be reduced or eliminated in exchange for above-minimum TEA programming from other counties or the interregional share.

The staff recommendation is that the reintegration of the TEA program into the STIP be accomplished through amendments to the STIP Guidelines for the 2004 STIP. The reintegration should accomplish the first three recommendations of the Advisory Committee, combining the three statewide programs, having biennial programming cycles with the ability to amend, and having a transparent selection process. A cap on land acquisition project size could be added, if the need for it is not obviated by the reintegration itself. Staff would recommend that the delegation of allocation authority be considered when the next STIP is adopted, together with the reconsideration of delegation for all other project types.