

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 15, 2004

Reference No.: 3.6
Information Item

From: CINDY MCKIM
Chief Financial Officer, Acting

Prepared by: Brice D. Paris
Chief
Division of Right of Way
and Land Surveys

Ref: **REPORT ON THE ADDITIONAL \$16.5 MILLION SPENT ON POST-CERTIFICATION**

SUMMARY:

At the August 5, 2004, California Transportation Commission (Commission) Meeting, the Department of Transportation (Department) provided the annual Right of Way (R/W) Capital Allocation Expenditure Close-Out Report for Fiscal Year (FY) 2003–04. The Department reported a 100% expenditure, which met both the Department's performance goal and expectations of the Commission in the allocation of R/W capital.

At the June 17, 2004 Commission meeting, the Department reported a high R/W capital plan balance of \$26 million, which was based on posted commitments processed through accounting as of May 2004. Commitments actually executed by the Department but not yet posted in the accounting system would have indicated a smaller balance. While the financial uncertainties at the beginning of FY 2003-04 had some impact on our expenditure pattern, our 4th quarter expenditures of 25% of the allocation was less than previous fiscal years of 27% in FY 2002-03 and 41% in FY 2001-02.

The Department's final report did indicate an over expenditure of \$16.5 million or 153% of the \$31 million post certification reservation for SHOPP and non major STIP projects contained in the constrained R/W capital allocation. The Commission requested additional details of this over expenditure.

The post certification (post-cert) reservation for SHOPP and non-major STIP was a prediction or estimate of expected expenditures in the current fiscal year for legal obligations incurred for and required on projects that have had a R/W certification in prior years. These legal obligations consist of acquisition/condemnation, utility relocation, relocation assistance, demolition and environmental mitigation costs on previously certified projects.

BACKGROUND:

The Department's initial R/W allocation request for FY 2003-04 was \$259 million, which included a post-cert request totaling \$107 million (\$45 million for design sequencing and \$62 million for post-cert reservation). This initial \$62 million reservation requested for post-cert was based on an estimate of the existing legal obligations for all projects (major STIP, non-major STIP and SHOPP) to be paid in FY 2003-04. (Attached, for reference, is the 4th Quarter report for Right of Way that identifies two "Post-Cert" categories that comprise the \$107 million. Also attached is a Revised 4th Quarter report for Right of Way that breaks the post-cert categories down further for clarification.)

On June 26, 2003, the Commission passed Resolution FM-03-01, which allocated a constrained lump sum allocation of \$150 million for R/W capital. This amount was supplemented in December 2003 with an allocation of an additional \$23.5 million, making a total allocation of \$173.5 million for FY 2003-04 R/W capital needs.

The details of the \$173.5 million allocation showed an increase for post-cert from the initial \$107 million request to a total of \$121.6 million for post-cert. The \$121.6 million was broken down into "Major STIP" (including design sequencing) at \$90.6 million, and \$31 million for SHOPP and non-major STIP.

Since post-cert costs are existing legal obligations, they become the number one priority for available R/W capital funds. As such, the actual need for post-cert dollars does not normally change based on the amount of the total R/W allocation in a specific fiscal year. However, the Department's actions can, to some extent, try to control when these dollars will actually be spent.

In dealing with the constrained R/W allocation in FY 2003-04, the Department chose to include in the revised allocation less than the actual post-cert funds requested by the districts. By taking the risk that actions could be taken to delay some expenditures for post-cert obligations into the next fiscal year, it would free up funds to work on other current fiscal year priority work.

Despite these efforts, the Department's total expenditures for FY 2003-04 post-cert and design sequencing activities exceeded the \$121.6 million total allocation by \$7.6 million (6%), of which \$2.7 million was one large design sequencing project. While the total post-cert expenditures were only 6% over the total allocation for post-cert, the \$31 million for SHOPP and non-major STIP was exceeded by \$16.5 million or 53%.

All post-cert expenditures were incurred in defense of or satisfaction of legal obligations on previously certified projects, which have either been constructed, under construction or have been voted. Attached is a post-cert expenditure summary and project-by-project summary, by fiscal year of certification, of the \$16.5 million overage expenditure.

Attachments



RIGHT OF WAY CAPITAL ALLOCATION FY 03-04 CTC QUARTERLY REPORT - Q4

SUMMARY OF FY 03/04 RIGHT OF WAY ALLOCATION (Expenditures thru 4th Quarter) (Dollars in Millions)

	Initial Allocation Request	Fiscal Year Allocation	Revised Allocation*	Expended Year to Date	%
Major Capital Projects Total					
New Major STIP	97.0	9.0	9.0	7.6	84%
Major STIP (Post Cert) <i>DESIGN & SEQUENCING</i>	45.0	83.0	90.6	81.7	90%
Other (including SHOPP, Unfunded Project Obligations/Commitments)	19.0	12.5	27.0	26.7	99%
	107	114	121.6	129.2	
Fund Reservation					
Minor Project, Safety, etc.	8.0	1.6	2.0	1.0	50%
Post-Certification <i>NON-MAJOR STIP SHOPP (ALL POST CERT)</i>	62.0	31.0	31.0	47.5	153%
Hardships	0.6	0.5	0.5	0.3	60%
Proj Dev/Environmental Permit Fees	0.4	0.4	0.4	1.4	350%
Damage to property (Inverse)**	22.0	12.0	13.0	7.3	56%
Pre-Project Mitigations	5.0				
TOTALS	\$259.0	\$150.0	\$173.5	\$173.5	100%

EXPENDITURE COMPARISONS

4th QTR	<u>FY 01/02</u>	<u>FY 02/03</u>	<u>FY 03/04</u>
Allocation	\$177	\$200	\$173.5
Expenditures to Date	177	200	174
Remaining Allocation	\$0	\$0	\$0
% Expenditures to Allocation	100%	100%	100%

*Supplement allocation of \$23.5M approved by CTC in December 2003 to support new safety projects and unfunded obligations.

** Expenditure of \$9.2M reported in 1st Quarter was transferred to Fiscal Year 02/03 per CTC approved in December 2003



**RIGHT OF WAY
CAPITAL ALLOCATION FY 03-04
CTC QUARTERLY REPORT - Q4 - REVISED**

SUMMARY OF FY 03/04 RIGHT OF WAY ALLOCATION

(Expenditures thru 4th Quarter)

(Dollars in Millions)

	Initial Allocation Request	Fiscal Year Allocation	Revised Allocation*	Expended Year to Date	%
Major Capital Projects Total					
New Major STIP	97.0	9.0	9.0	7.6	84%
Major STIP Design Sequencing (Post Cert)	45.0	45.0	45.0	47.7	
Major STIP (Post Cert)	31.0	38.0	45.6	34.0	
Non-Major STIP (Post Cert)	17.9	17.9	17.9	36.7	
SHOPP (Post Cert)	13.1	13.1	13.1	10.8	
Subtotal (Post Cert)	107.0	114.0	121.6	129.2	106%
Other Non-post cert (including SHOPP, unfunded Project Obligations/Commitments)	19.0	12.5	27.0	26.7	99%
Fund Reservation					
Minor Project, Safety, etc.	8.0	1.6	2.0	1.0	50%
Post-Certification	0.0	0.0	0.0	0.0	
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**Summary of Expenditures Exceeding the
Budgeted Post Certification Fund
Reservation of the 2003/04 R/W Allocation**

FY of R/W Cert	Amount
1999/2000 & Prior	1,902,641
2000/01	2,112,250
2001/02	1,034,166
2002/03	11,424,470
TOTAL	16,473,527

Status of Construction	Amount
Voted	6,904,407
Awarded	6,313,710
Complete	3,255,410
TOTAL	16,473,527

FY 2003/04 POST CERT COSTS

(Expenditures Exceeding the Budgeted \$31 Million Post Certification Fund Reservation)

Dist	Project EA	Amount	Type of Expenditures	Rw Cert Date	Status of Construction
R/W Cert Delivered in FY 2000 and Prior					
1	368011	1,248	Acq/Condem	9/23/1998	Complete
1	382911	648	Acq/Condem	7/20/1998	Complete
1	392401	14,400	Acq/Condem	9/30/1998	Complete
4	173021	30,774	Acq/Condem	9/30/1998	Complete
4	228921	23,438	Utility	10/13/1999	Complete
4	289711	6,500	Acq/Condem	6/13/1995	Complete
5	309001	44,400	Acq/Condem	9/28/1998	Complete
5	345401	21,084	Acq/Condem	3/4/1999	Complete
5	019021,51	7,597	Acq/Condem	5/24/1996	Complete
6	323201	11,115	Utility	1/10/2000	Complete
6	293509	24,245	Utility	7/1/1996	Complete
7	118391	7,640	Acq/Condem	6/8/1993	Complete
7	172121	90	Acq/Condem	3/19/1999	Complete
7	172161	85,409	Acq/Condem	6/2/2000	Complete
7	105039	116,962	Utility	9/20/1996	Awarded
7	1224U1	4,758	Acq/Condem, Utility	6/16/2000	Awarded
7	126411	440,007	Acq/Condem,Utility	11/10/1998	Complete
8	204301	194,764	Utility	3/18/1998	Complete
8	350721	420	Acq/Condem	6/26/2000	Complete
8	443021	978	Utility	3/31/1999	Complete
8	443321	163,520	Acq/Condem,Utility	9/15/1999	Complete
8	443601	496,779	Acq/Condem,Utility	6/3/1999	Complete
9	213111	2,000	Acq/Condem	10/22/1999	Complete
10	351701	6,674	Acq/Condem	10/14/1999	Complete
11	159021	17,443	Utility	3/3/1993	Complete
11	176401	1,003	Utility	6/23/2000	Complete
11	001921	16,519	Utility	6/17/1998	Complete
11	001931	31,898	Acq/Condem, Utility	9/16/1999	Awarded
11	001951	77,769	Utility	4/15/1999	Awarded
11	046521	18,375	Utility	12/9/1983	Complete
11	100711	34,184	Utility	2/28/1996	Complete
Total -2000		1,902,641			
R/W Cert Delivered in FY 2001					
1	427201	400,330	Acq/Condem	1/18/2001	Complete
2	2618U1	24,414	Utility	4/4/2001	Complete
3	4416U1	1,709	Acq/Condem	11/13/2000	Awarded

Dist	Project EA	Amount	Type of Expenditures	Rw Cert Date	Status of Construction
4	0C6401	1,050	Acq/Condem	10/24/2000	Complete
4	233631	8,761	Utility	12/26/2000	Awarded
4	440141	299,865	Acq/Condem,RAP	6/29/2001	Awarded
4	0S4301	450	Acq/Condem	1/18/2001	Complete
5	0161U1	10,000	Acq/Condem	2/27/2001	Awarded
6	343231	2,110	Acq/Condem	10/25/2000	Complete
6	342329	264,418	Utility	6/20/2001	Complete
7	106951	98	Acq/Condem	3/1/2001	Awarded
7	126491	44,682	Acq/Condem, Utility	9/8/2000	Complete
7	172151	31,354	Acq/Condem	10/30/2000	Complete
7	020481	686	Acq/Condem	5/31/2001	Complete
8	443111	535,675	Acq/Condem,Utility	8/25/2000	Complete
8	4431U1	2,498	Acq/Condem, Utility	8/25/2000	Complete
10	340411	2,000	Acq/Condem	4/9/2001	Awarded
11	199341	267,672	Acq/Condem,Utility	4/11/2001	Awarded
12	083801	214,478	Acq/Condem	9/7/2000	Awarded
Total 2001		2,112,250			
R/W Cert Delivered in FY 2002					
4	120611	43,028	Acq/Condem, Utility	12/11/2001	Awarded
4	291401	8,212	Utility	6/20/2002	Complete
4	0T1421	22,577	Utility	5/31/2002	Awarded
6	342421	135,194	Acq/Condem,Utility	2/15/2002	Awarded
6	403901	500	Acq/Condem	9/17/2001	Complete
7	104951	240,930	Acq/Condem,Utility,RAP	11/1/2001	Awarded
7	060731	100	Acq/Condem, Utility	3/25/2002	Awarded
7	1069U1	5,700	Acq/Condem	9/27/2001	Awarded
7	1257U1	259,270	Acq/Condem,Utility	6/26/2002	Awarded
7	1X1401	7,700	Acq/Condem	11/9/2001	Awarded
8	434601	855	Acq/Condem	1/3/2002	Complete
8	443271	63,981	Acq/Condem, Utility	5/23/2002	Awarded
8	443821	81,723	Acq/Condem,Utility	6/28/2002	Complete
8	444501	5,700	Acq/Condem	1/31/2002	Complete
11	238731	47	Acq/Condem	3/26/2002	Complete
11	0301U1	158,649	Acq/Condem,Utility	8/6/2001	Awarded
Total 2002		1,034,166			
R/W Cert Delivered in FY 2003					
1	291701	100,065	Acq/Condem,Utility	9/20/2002	Complete
3	1A46U1	12,013	Acq/Condem,Utility,RAP	11/4/2002	Awarded
3	2A0901	848	Acq/Condem	3/18/2003	Awarded
4	219871	1,200	RAP	6/10/2003	Awarded
4	228770	1,044,682	Utility	9/6/2002	Awarded
4	272421	4,083	RAP	5/30/2003	Awarded
4	276001	80,984	Utility	4/24/2003	Advertised

Dist	Project EA	Amount	Type of Expenditures	Rw Cert Date	Status of Construction
4	291001	563,750	Acq/Condem,Utility	5/15/2003	Awarded
6	3215U1	11,672	Acq/Condem	10/30/2002	Awarded
6	3215U1	53,169	Acq/Condem	10/30/2002	Awarded
7	166101	79,387	Acq/Condem,RAP	9/12/2002	Complete
7	4E2401	8,628	Acq/Condem	6/26/2003	Awarded
8	334831	190,821	Acq/Condem,Utility,RAP	1/14/2003	Awarded
8	420401	175,636	Acq/Condem,Utility	2/20/2003	Awarded
8	431001	920	Acq/Condem	1/22/2003	Voted
8	443811	2,972,657	Acq/Condem,Utility,RAP,Demo	6/30/2003	Voted
8	443841	9,296	Utility	1/7/2003	Voted
8	443851	11,692	Utility	7/31/2002	Voted
8	443911	1,702,527	Acq/Condem,Utility,RAP,Demo	6/30/2003	Voted
8	443921	729,202	Acq/Condem,Utility,RAP	5/9/2003	Voted
8	443931	70,145	Acq/Condem, Utility	5/1/2003	Voted
8	443951	20,914	Acq/Condem,Utility	5/9/2003	Voted
8	444011	837,220	Acq/Condem,Utility,RAP,Demo	6/30/2003	Voted
8	444021	320,710	Acq/Condem,Utility,RAP	4/16/2003	Voted
8	444061	229,124	Acq/Condem	6/30/2003	Voted
8	3555U1	35,659	Acq/Condem, Utility	12/19/2002	Awarded
8	4437U1	1,732,680	Acq/Condem,Utility,RAP	2/20/2003	Awarded
10	049931	71,000	Acq/Condem, Utility,RAP	12/19/2002	Awarded
10	0A5201	48,287	Utility	3/28/2003	Awarded
10	0A7401	147,985	Acq/Condem,RAP,Demo	12/19/2002	Awarded
11	091801	157,514	Acq/Condem	10/8/2002	Awarded
Total 2003		11,424,470			
	TOTAL	16,473,527			