

Memorandum

To: CHAIR and COMMISSIONERS

Date: December 9, 2009

From: BIMLA G. RHINEHART
Executive Director

File No: 4.5
Information

Ref: Presentation of Proposition 1B Letter of No Prejudice Guidelines

SUMMARY:

On October 11, 2009, the Governor signed AB 672, which authorizes approval of a Letter of No Prejudice (LONP) for projects programmed or otherwise approved for funding from Proposition 1B programs. The LONP allows the regional or local agency to expend its own funds (incur reimbursable expenses) for any component of a program project prior to actual allocation of Proposition 1B funds. This legislation authorizes the California Transportation Commission (Commission) to adopt guidelines to establish a process to approve a LONP for projects programmed from the following Commission administered Proposition 1B programs:

- Corridor Mobility Improvement Account (CMIA)
- State Route 99 Account (SR 99)
- Trade Corridors Improvement Fund (TCIF)
- Local Bridge Seismic Retrofit Account (LBSRA)
- Traffic Light Synchronization Program (TLSP)
- State-Local Partnership Program Account (SLPP)

The Highway Railroad Crossing Safety Account (HRCSA) program was specifically removed from consideration of a LONP in the legislation, so is not eligible. STIP and SHOPP augmentation programs are also not included since STIP already has the AB 3090 process and SHOPP is Department implemented.

Proposed guidelines for approving Letters of No Prejudice for Proposition 1B projects were drafted and sent to RTPAs for review on November 3, 2009. Comments received have been incorporated in the attached proposed guidelines (Attachment 1). Those that were not are shown on Attachment 2, with staff responses.

BACKGROUND:

Proposition 1B, approved by the voters in November 2006, authorized the issuance of \$19.925 billion in State general obligation bonds for specific transportation programs intended to relieve congestion, facilitate goods movement, improve air quality, and enhance the safety of the state's transportation system. These transportation programs included the CMIA, SR 99, TCIF, SLPP, LBSRA, Highway-Railroad Crossing Safety Account (HRCSA), and the augmentation of the existing State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP).

Consistent with the requirements of Proposition 1B, the Commission programs and allocates bond funds in each of the above-mentioned programs.

Unfortunately, the state's current economic condition has placed these programs at risk. As every \$1 billion of construction projects generates 18,000 jobs in California, the Commission believes that these transportation infrastructure projects should be the highest priority for bond funding, putting Californians back to work building a better transportation system and a stronger economy.

Due to the lack of bond funding for new projects since June 2009, the Commission has been unable to allocate to projects ready for construction since June 2009. As of October 2009, 37 Proposition 1B projects representing more than \$400 million in bond funds are ready for construction (delivered) and awaiting allocation. Until such time as bond funds are available for new projects, the number of projects delivered and awaiting allocation will continue to grow.

The Commission and project sponsors have used alternate funding strategies to keep some projects on schedule for construction. In some instances, project sponsors have requested and the Commission has approved alternate funding plans, such as consolidating non-bond funding on project segments currently ready for construction and bond funding on segments scheduled for construction in later years. Private placement bond sales, such as those completed in the spring of 2009, are available for project sponsors with sufficient financial resources to purchase the necessary bonds. Assembly Bill 672, authorizing the Commission to approve a Letter of No Prejudice (LONP) for projects in Proposition 1B programs that it administers, with the exception of the Highway-Railroad Crossing Safety Account (HRCSA), was signed by the Governor on October 11, 2009. An approved LONP will allow a project sponsor to expend its own funds to advance a Proposition 1B project and request reimbursement when bond funds are available.

Attachments

Proposition 1B Bond Letter of No Prejudice Guidelines

1. Authority and Scope: Government Code Section 8879.501, added by Chapter 463 (AB 672) of the Statutes of 2009, authorizes the California Transportation Commission (Commission) to adopt guidelines to establish a process to approve a Letter of No Prejudice (LONP) for one or more projects or project components that the Commission has programmed or otherwise approved for funding from the following Proposition 1B programs:

- Corridor Mobility Improvement Account (CMIA)
- State Route 99 Account (SR 99)
- Trade Corridors Improvement Fund (TCIF)
- Local Bridge Seismic Retrofit Account (LBSRA)
- Traffic Light Synchronization Program (TLSP)
- State-Local Partnership Program Account (SLPP)

The LONP applies only to the Proposition 1B funds programmed or otherwise approved for the project.

The Commission may amend these guidelines at any time after first giving notice of the proposed amendments.

2. LONP for TCIF: In programming TCIF, the Commission programmed approximately 20 percent more than the \$2.5 billion available from the TCIF and the State Highway Account (SHA). This over programming assumed that new revenue sources would become available and be dedicated to funding the adopted program. New revenue for the TCIF program now appears unlikely to materialize in the current economic environment. Therefore, the Commission does not intend to approve LONPs for TCIF projects until a reasonable level of confidence in availability of these new revenue sources is achieved, or the program is prioritized commensurate with available TCIF and SHA funds.

If SHA funds are programmed to the project, the LONP request for TCIF funds must be accompanied by a request for SHA allocation. If SHA funds are not available for allocation, the LONP request will be deferred until the SHA allocation can be made.

3. Intent of LONP: A regional or local entity that is a lead applicant agency under one of the programs referenced in Section 1, with the exception of TCIF, may apply to the Commission for an LONP for the program project. If approved by the Commission, the LONP allows the regional or local agency to expend its own funds (incur reimbursable expenses) for any component of the project (in practice, Proposition 1B funds are generally programmed for construction). **A region's own funds are any non-state funds available to the region, including federal funds.** This does not relieve the regional or local agency from the applicable match requirements of the program. **The**

match must be spent along with the funds replacing bond funds, in accordance with program guidelines.

It is the intent of the Commission to give equal opportunity for **allocation of** available funding to applicants **with that completed work under** an approved LONP, as well as those that require an allocation in order to begin or continue work on a project. The Commission further intends that applicants considering the use of an LONP have the most accurate information available to assess the likelihood of allocation and reimbursement as planned. Applicants proceed at their own risk, as reimbursement of the LONP is dependent on availability of Proposition 1B bond funds.

4. Submittal of LONP Request: LONP requests shall be submitted to the Department of Transportation (Department) by the applicant in accordance with established timeframes for project amendments to be placed on the agenda for timely consideration by the Commission.

In order to be considered by the Commission, an LONP request shall:

- Be signed by a duly authorized agent(s) of the applicant agency and implementing agency if different.
- Include all relevant information as described in Section 5.
- Indicate that the implementing agency is ready to start (or continue) work on the project component covered by the LONP request (likely construction).
- Have a full and committed funding plan for the component covered by the LONP request.
- Indicate anticipated schedule for expenditures and completion of the component.

5. Content and Format of LONP Request: The Commission expects a complete LONP request to include, at a minimum, the following information as applicable:

- A letter requesting LONP approval, including a summary of the following information as applicable.
- Documents needed for obtaining concurrent Commission approval of any needed actions such as a project programming request or project/baseline agreement amendment, in accordance with appropriate program guidelines and standards.
- Alternate local funding source(s) that will be substituted for the bond funds and a demonstration of commitment of those funds (e.g., resolution, minute order) from its policy board.
- An expenditure schedule for the component covered by the LONP.
- If jointly funded with funds from the State Transportation Improvement Program (STIP), a STIP allocation request or STIP AB 3090 request must be included.
- LONP requests **for construction** must include documentation for Commission review of the final environmental document, **as appropriate**, and approval for consideration of future funding, **as appropriate**.

6. Review and Approval of LONP Requests: The Department will review LONP requests for consistency with these guidelines and place the requests on the Commission meeting agenda. The Commission will consider requests for LONPs that meet the

guidelines, except for LONP requests for components jointly funded with funds **requiring concurrent action, such as:**

- The STIP, which shall be dependent upon concurrent approval of the STIP allocation or STIP AB 3090 request, and
- **Other Proposition 1B funds, which may be dependent upon concurrent LONP approval from the appropriate administering agency (such as the Department for PTMISEA funds).**

An LONP will only be granted for work consistent with the approved project's scope, schedule and funding.

Upon Commission approval of an LONP, the Department will execute a cooperative agreement or Master Agreement/Program Supplement with the implementing agency. Although the agency may begin work once the LONP is approved, an agreement must be in place before the Department can provide reimbursement for eligible project expenditures.

7. Initiation of Work: The project component covered by an approved LONP should be ready to proceed to contract award (or equivalent) once the LONP is approved. The agency shall report to the Department within four months following LONP approval on progress in executing agreements and third-party contracts needed to execute the work.

8. Monitoring Progress of Projects with a LONP: The agency with an approved LONP shall report on progress to date in accordance with the applicable bond program guidelines. This report should include expenditures to date, work completed, problems and issues with the project, and any funding plan updates for the project.

9. Project Changes: Proposed changes in funding, schedule or project scope must be approved by the Commission in accordance with the applicable bond program guidelines, including a concurrent LONP amendment if necessary.

10. Diligent Progress and Rescinding a LONP: If progress reports from an agency on a project with an approved LONP show that diligent progress is not being made in completing the project, the Commission may request that the agency explain its lack of progress. The Commission may rescind the LONP or may direct the agency to demonstrate diligent progress within the next reporting period. If the Commission finds the agency is not pursuing project work diligently, the Commission may rescind the LONP. If an LONP is rescinded, an allocation to reimburse expenditures to date is at the discretion of the Commission.

11. Allocations for LONPs: Upon completion of the component covered under an LONP approved by the Commission, the agency may send a request to the Department to have its LONP reimbursed with an allocation by the Commission. The agency shall identify the source(s) and expenditures of all funds used in completing the component for which the agency is seeking an allocation from the Commission. The agency must show expenditures of the applicable match for the bond funds, if required for the project. The

Department will place the request for allocation on the agenda for timely consideration by the Commission.

If sufficient Proposition 1B bond allocation capacity exists, an agency with a partially completed component may request an allocation for reimbursement of eligible costs to date and to convert the remaining LONP to a standard allocation for periodic reimbursement for the remainder of the component. ~~The Commission may assign a lower priority for Prop 1B bond allocation to these LONP conversion requests, depending on funding availability.~~

DRAFT

Comments on Proposed Prop 1B LONP Guidelines

Agencies should be able to get LONPs approved for TCIF projects on a first come, first serve basis up to the minimum existing funding level.

Staff feels that approving LONPs for a program that is over-programmed on a first come, first serve basis would result in prioritizing TCIF projects in order of delivery date rather than other considerations such as cost effectiveness, statewide interest, etc. It would be better to prioritize the projects first, then consider LONP approvals for the higher priority projects.

An agency should not be required to identify a specific replacement fund or demonstrate local commitment.

Approving a LONP is equivalent to approving an allocation for a project to proceed. The project component must be shown to be fully funded to completion, especially since it is unknown when sufficient bond funds will be available for allocation. The project should not need to be stopped while an allocation is pending.

Retroactive LONPs should be allowed.

The new law is effective January 1, 2010. The bill did, at one time, have language allowing for retroactive approval and that language was deleted. Therefore, the intent is that the law is effective beginning January 2010, with reimbursable expenses to begin once the LONP is approved.

When considering rescinding a LONP, the Commission should use a “beyond the control of the local agency” test, similar to extension requests.

The language in the guidelines does in effect include that possibility by using language such as “diligent progress”, “explain lack of progress”, “may rescind...”

All requests for allocation should receive equal consideration, whether the allocation is to reimburse a completed project under a LONP, to allocate to an agency that cannot afford to do a LONP and needs the allocation to deliver the project, or to partially reimburse a LONP for a project component that is not completed, and convert the remaining, unspent portion, to a regular allocation.

The revised proposed guidelines do not assign priorities to allocation requests; however allocations depend on sufficient bond funds being available. In the case of limited bond fund availability, the Commission may decide to give higher or lower priority to allocation requests depending on the type of request.

The guidelines should acknowledge the benefits provided to the State and Regional Agencies through the LONP process.

Will add this language to the adoption resolution, which will be the first page of the guidelines.



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11/04/2009 04:33 PM

To "Brittany R. Odermann" <BOdermann@sbcag.org>, 'Laurel Janssen' <laurel_janssen@dot.ca.gov>
cc "Warrem, Lauren" <lwa@sandag.org>

bcc

Subject Draft Prop 1B LONP comments - SANDAG

Brittany and Laurel, please see below comments regarding the draft Letter of No Prejudice for Prop 1B programs. Laurel, thank you very much for working to get this out early and in the commission's December agenda for adoption, we appreciate it.

Section 1. There are other programs funded from Proposition 1B that are not listed in this section. In particular, we would like to also see the PTMISEA account included in the guidelines. If the PTMISEA cannot be included in the guidelines because Caltrans has the delegated authority to manage these funds, please add provisions for the management of projects that have LONP's under both a CTC-managed program (e.g. SLPP) and a Caltras-managed program (e.g. PTMISEA).

Section 2. When the TCIF program was approved, it included over \$3 billion in approved programmed projects. Of this amount, and as the draft guidelines state, \$2 billion came from Prop 1B, and approximately \$500 million from SHA. In addition, the CTC also approved programming approximately \$600 million based on the potential for additional sources to be identified through a national freight policy and a new federal transportation authorization. Both of these two major initiatives have yet to be finalized. To state that "New revenue for the TCIF program now appears unlikely to materialize in the current economic environment" is premature and assumes that the Commission has already given up on the potential for these sources, which it has not. It also assumes that these two initiatives will either not occur, or if they do, that no additional funds will become available. I think that what we know now is very close to what we knew when the TCIF program was adopted by the CTC, namely, that these two initiatives were coming and that they may offer significant funding for these types of projects. Nothing in that regard has changed, so why change these assumptions on the TCIF program.

I would suggest that Section 2 should be a discussion of the risks associated with the TCIF program and that approval of LONP's for that program would be subject to available funding, as with any of the other programs. To disqualify the entire program altogether from the LONP process until the CTC takes certain other unrequired actions is inconsistent with state law. It sends the wrong message to both project sponsors and policy makers in DC about the commission's intent to freight projects.

Section 3. Please strike out the reference to the exception for TCIF, see comments for Section 2. In addition, perhaps in this section or some other section, there should be a statement that if a project sponsor awards a construction contract under LONP, that it meets the delivery requirements stipulated in state law, in particular for CMIA (e.g. award of construction contract by Dec 2012), SR99 and TCIF projects.

Regarding the statement that it is the "intent of the Commission to give equal opportunity for available funding to applicants that completed work under an approved LONP, as well as those that require an allocation in order to begin or continue work on a project", it is inconsistent with the Commission's practice of funding approved and prioritized projects on a first-come, first-served basis. Approval of LONP's is the recourse project sponsors take when they have a project ready for a Prop 1B allocation, but the CTC is unable to allocate due to lack of funds. These projects were delivered for allocation prior to others that may require funding at a later date.

Not included in any section: Can you please identify which sources of funds are not eligible to be used to advance the project through an LONP? For example, other Prop 1B or state funds cannot be used to advance work under an LONP. We need clarification that if we use federal or local sales tax or other source of funds, that we can get reimbursed when the LONP is liquidated.

I think that is all I have for now. Again, Laurel, thank you very much for getting this on the street for early review.

José

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November 13, 2009

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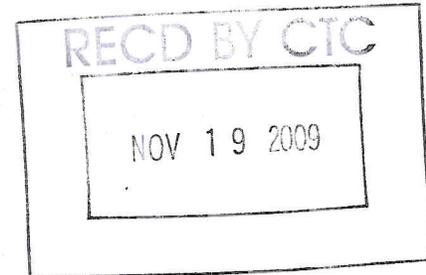
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Bimla Rhinehart
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Dear Ms. Rhinehart:

Thank you for the opportunity to provide comments on the Draft Proposition 1B Letter of No Prejudice (LONP) guidelines. MTC looks forward to working with the CTC to deliver needed transportation investments through this cooperative funding mechanism. MTC comments are focused on the following three principles:

1. Local qualifying revenues expended after the effective date of the LONP should be considered eligible to meet the applicable local match.
2. Once allocation capacity is available, LONP projects should receive, at a minimum, equal allocation consideration, even if the project component is not yet completed.
3. LONP authorization should be effective based on the CTC programming date, consistent with AB 672.

Detailed information, organized by guideline section, is listed below, including additional technical comments.

Section 3 – Local Match Requirements

The LONP process will create funding scenarios where local qualifying matching revenues are expended after the effective date of the LONP but prior to the state bond funds. If the state bond funds were readily available, the match would occur concurrently. MTC seeks clarification that local qualifying match expended after the effective date of the LONP will be considered eligible match once the actual allocation occurs. We request that when bond funds are unavailable due to the state budget situation, the local match can be expended in advance.

Additionally, MTC seeks clarification on the following statement:

It is the intent of the Commission to give equal opportunity for available funding to applicants that completed work under an approved LONP, as well as those that require an allocation in order to begin or continue work on a project.

MTC requests that LONP projects receive, at a minimum, equal opportunity for available funding as stated in Section 3. See comment on potential priority under Section 11. MTC would also want to know if any prioritization plan would be considered identifying projects as LONP or non-LONP projects.

Sections 6 and 7 – Timing of SLPP Programming, LONP Request and Contract Award

AB 672 adds Section 8879.501 to the Government Code, which states that an administrative agency may approve an LONP if five requirements are satisfied, including:

(b) (4) The expenditures were incurred after the project or project component was programmed or otherwise approved for funding by the administrative agency.

MTC requests that language in Sections 6 and 7 be modified so that if the five requirements are satisfied, previously programmed projects can be issued LONPs retroactive to the CTC programming action, consistent with the statute. Several Proposition 1B funded projects in the Bay Area are ready to go to construction immediately, to deliver transportation investments in a favorable bidding environment. Delaying the advertisement and award until after an LONP is approved may delay or even jeopardize the completion of these projects.

Section 11

Section 11 includes the following statement pertaining to LONP candidate projects:

The Commission may assign a lower priority for Prop 1B bond allocation to these LONP conversion requests, depending on funding availability.

MTC requests that the CTC remove this statement, as this could discourage agencies that aggressively deliver transportation projects using local funding in partnership with state funding. At a minimum, LONP projects and non-LONP projects should receive equal consideration once 1B funding is available for allocation, even if the project component is not yet completed.

Additional Technical Comments

Section 5

Please clarify if requesting LONPs would trigger submittal of project programming change requests or baseline amendments.

Section 7

Additionally under Section 7, MTC requests that the progress reporting requirement be extended to six months, consistent with award timelines with other CTC administered programs.

Section 10

MTC requests that the CTC use a “beyond the control of the local agency” test when considering rescinding an LONP, similar to milestone extension requests, in determining whether an agency is at fault. Due to the economic situation at the federal, state and local level, funding availability changes quickly and may not be anticipated.

MTC looks forward to working closely with the CTC and our partner agencies to deliver Proposition 1B funded projects. Please feel free to contact Alix Bockelman of our staff at (510) 817-5850, if you need further information about the comments.

Sincerely,



Ann Flemer
Deputy Executive Director, Policy

cc: Laurel Janssen, Assistant Deputy Director, CTC

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Metro

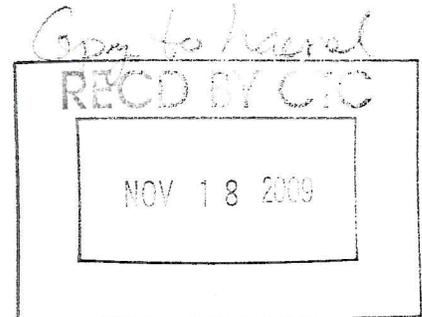
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November 13, 2009

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Executive Director
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**COMMENTS ON DRAFT PROPOSITION 1B
LETTER OF NO PREJUDICE GUIDELINES**

Dear Ms. Rhinehart:

On behalf of the Los Angeles County Metropolitan Transportation Authority (LACMTA), I want to thank you for the opportunity to comment on your draft Proposition 1B (Prop 1B) Letter of No Prejudice (LONP) guidelines (copy attached). Once approved, we hope to use the guidelines to advance a number of our Prop 1B projects to meet critical transportation needs in our region. We appreciate your efforts in expediting the development of the guidelines. Our comments are as follows:

Section 3. Intent of LONP

- There needs to be a clear definition of the term “construction”, so that it is understood that the term includes design, construction, capital purchase and installation activities as well, when granting any LONP authority.
- The LONP should assist agencies to implement their projects timely. The LONP should allow an agency to award a design, construction or acquisition contract and issue a notice to proceed before the CTC makes an allocation. This is very important with large contracts, as the time required to actually start spending large amounts of money could be months after contract award. Therefore, the LONP should not be necessarily viewed only as an advance of local funds for a phase, but an advance of project activities that will be eligible for reimbursement, as soon as the funds are allocated to the project. This is very similar to the Federal Transit Administration’s LONP model, which has worked for transit agencies for decades.
- LONP fund allocations should not be restricted to project completion, as that would penalize local agencies that have other project funds that could be

advanced, if needed, in anticipation of future allocations. Additionally, an LONP would serve to authorize a project to proceed without necessarily needing the state funds for the initial months after the project start date. Requiring reimbursement to occur at project completion will limit local agencies in funding their other projects, as a phase could take years to complete. As soon as Prop 1B bond funds are available, the State should allocate funds to a project that received an LONP, regardless of the percent completion, thereby, allowing reimbursement of eligible expenses to start and new expenses to be incurred against the allocated funds.

Section 5. Content and Format of LONP Request

- As we disagree that an agency should be required to identify specific replacement funds, we also disagree with the requirement for a demonstration of local commitment for that purpose. In particular, we find it burdensome and unnecessary to require that there be a demonstration of commitment of local funds from our policy board. An LONP request signed by the Chief Executive Officer, Executive Director, or duly authorized agent of the requesting agency should more than suffice. We suggest that the LONP request should consist of a letter to the CTC with a justification of why the LONP is needed, a description of what the impact(s) on the project would be if not approved, and a project cashflow.

Section 11. Allocations for LONPs

- Please see comments under Section 3 above. Allocations to projects with approved LONPs should be made when funding is available and not be restricted to LONPs for a completed phase or a completed project. A local agency should not be penalized for advancing a project by waiting months or years to receive an allocation. We believe that the primary purpose of an LONP authorization is to allow a project to proceed, and not merely to defer the allocation of funds to a project. Once the funds are available for allocation, an agency should be able to receive such allocation and get reimbursed for expenses incurred after the LONP approval, as well as future expenses incurred after allocation of funds.



"Kurt Brotcke"
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11/13/2009 04:01 PM

To "Laurel Janssen" <laurel_janssen@dot.ca.gov>
cc <Mitchell.Weiss@dot.ca.gov>, "Adriann Cardoso"
<ACardoso@octa.net>
bcc

Subject FW: [CalRTPA] Draft Prop 1B LONP Guidelines

Laurel:

Thank you for the opportunity to comment on the draft Prop. 1B LONP Guidelines. Below are OCTA comments on proposed guidelines, and we appreciate your efforts on implementation of AB 672. We'd like to discuss our comments with you before the December meeting. Adriann will give you a call next week to arrange a call if you're available. Thanks again.

- Kurt

Kurt Brotcke
Director, Planning and Programming
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OCTA Comments Proposition 1B Bond
Letter of No Prejudice Guidelines

§ The Proposed Proposition 1B Bond Letter of No Prejudice (LONP) Guidelines should apply to all Proposition 1B programs consistent with the spirit of AB 672. This should include the Highway-Railroad Crossing Safety Account and Trade Corridor Improvement Fund (TCIF). AB 672 does not limit LONP's to specific Proposition 1B programs.

§ The over-programming of the Proposition 1B TCIF should not prevent that program from being included in the LONP guidelines. One option for the CTC to consider is to allow TCIF LONP's to proceed up to the amount TCIF revenue amount authorized in the bond measure. Approval of TCIF LONP's would be on a first -come first-serve basis up to that amount. Allowing TCIF projects to move forward by LONP may result in cost savings that could be applied to later projects and over-programming.

§ The guidelines should acknowledge the benefits provided to the State and regional agencies through the LONP process. 02/3
*

§ Quarterly reports are required for Proposition 1B projects, and the additional reporting suggested in the draft guidelines seems unnecessary.

§ LONP should have same priority as other allocations.

-----Original Message-----

From: CalRTPA@yahoogroups.com [mailto:CalRTPA@yahoogroups.com] On Behalf Of Laurel Janssen
Sent: Tuesday, November 03, 2009 8:38 AM
To: CalRTPA@yahoogroups.com; Michael.Long@sdcountry.ca.gov;
lstark@TownsendPA.com; Dnguyen@elkgrovecity.org; Greg Wong; Brenda Schimpf;
Sharon Ropp



Christophe Schneider
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11/05/2009 04:20 PM

To "laurel_janssen@dot.ca.gov" <laurel_janssen@dot.ca.gov>

cc 'Rachel Moriconi' <rmoriconi@sccrtc.org>

bcc

Subject Prop 1B Bond letter of no prejudice Guidelines

Laurel,

There is a good chance that the City of Santa Cruz would take advantage of this program if necessary to get the Murray Street Bridge Seismic retrofit under construction. I would hope that the process for approval is as simple as possible. Also I believe there should be a guideline stipulating that an agency will be reimbursed, assuming funds are available, before new projects are funded.

Thanks for providing us an opportunity to review the draft.

Chris Schneider
Assistant Director/City Engineer
City of Santa Cruz
831-420-5422



Shirley Medina
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11/13/2009 09:26 AM

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bcc

Subject Fwd: Re: [CalRTPA] Draft Prop 1B LONP Guidelines

Dear Laurel,
RCTC has the following comments on the Draft Prop 1B LONP Guidelines:

Item #2 - LONP for TCIF:

We request that TCIF projects be eligible for LONP approval. If agencies are willing and able to spend their own funds to maintain project schedules, it will accomplish: 1) implementing a goods movement project that will improve air quality; 2) meeting our commitment to the voters and the TCIF program guidelines of delivering projects by the Dec 2013 deadline; and 3) benefitting the economy by generating jobs and improving the movement of goods.

Although the TCIF program is currently oversubscribed, agencies should be allowed to request LONPs on a first come, first serve basis up to the \$2B funding level, or an amount close to this, so that the public can receive the many benefits of these high priority projects in a timely manner, which is so critical in helping us move out of the recession. Agencies that can spend their own money in this economic crisis will be able to take advantage of the low bid environment and shouldn't be denied of this opportunity.

Item #11 - Allocations for LONPs:

In the second paragraph, it is unclear if an agency that has an approved LONP can request an allocation at such time when TCIF funds are available for allocation. If this is the intention of this paragraph, we suggest rewording the sentence as follows: "If sufficient Proposition 1B bond allocation capacity exists, an agency with an approved LONP can convert the remaining LONP to a standard allocation. The allocation request will readjust the reimbursement period of the LONP and identify the conversion date for the allocation of funds." The last sentence of this paragraph is fine.

Please contact me if you have any questions. Thank you.

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