

Memorandum

To: CHAIR and COMMISSIONERS

Date: August 11-12, 2010

From: BIMLA G. RHINEHART
Executive Director

Reference No: 4.13
Action

Ref: Letter of No Prejudice for Proposition 116 Projects
RESOLUTION LONP116-G-1011-01

ISSUE:

On March 3, 2010, the Governor signed ABX8 11, adding Section 14533.2 to the Government Code, authorizing approval of a Letter of No Prejudice (LONP) for projects programmed or otherwise approved for funding from the Clean Air and Transportation Improvement Act (Proposition 116). 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 116 funds.

Prior legislation, AB 672, authorized approval of a LONP for projects programmed or otherwise approved for funding from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) and authorized the Commission to develop LONP guidelines.

Guidelines for approving LONPs for Proposition 1B projects were adopted on December 10, 2009, under Resolution LONP1B-G-0910-01.

RECOMMENDATION:

Staff recommends the Commission, by approval of this resolution, apply the existing Letter of No Prejudice guidelines for Proposition 1B programs to the Proposition 116 program, pursuant to Section 14533.2 of the Government Code.

BACKGROUND:

Proposition 116, approved by the voters in 1990, and Proposition 1B, approved by the voters in November 2006, authorized the issuance of State general obligation bonds for specific transportation programs that the Commission administers and allocates.

Due to the ongoing lack of bond funding for new projects, the Commission has been unable to consistently allocate to projects ready for construction. Assembly Bills 672 and X8 11, authorized the Commission to approve a Letter of No Prejudice (LONP) for projects in Proposition 1B and Proposition 116 programs that it administers, with the exception of the Highway-Railroad Crossing Safety Account (HRCSA).. An approved LONP will allow a project sponsor to expend its own funds to advance a project and request reimbursement when bond funds are available.