Tab 5

Memorandum

To: Chair and Commissioners

Date: February 26, 2007

From: JOHN F. BARNA, JR.
Executive Director

File: Book Item 4.3
Action

Ref: **Governor's Executive Order S-02-07**

Under the Governors Executive Order S-02-07, all departments, boards, offices and commissions responsible for expending general obligation bonds shall be accountable for ensuring bond proceeds are expended in a manner consistent with the provisions applicable to either bond act and State General Obligation Bond Law or laws pertaining to state lease revenue bonds and other applicable laws.

Each agency shall submit an Accountability Plan to the Department of Finance by March 1, 2007.

The California Transportation Commission's Accountability Plan for the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act

The California Transportation Commission is responsible for programming and allocating funds for the construction of highway, passenger rail and transit improvements throughout California. The Commission also advises and assists the Secretary of Business, Transportation and Housing Agency and the Legislature in formulating and evaluating state policies and plans for California's transportation programs.

Under Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, approved by the voters at the November 2006 election, the Commission is responsible for programming, allocating, and overseeing $12 billion of the $19.9 billion in program finding.

Front-End Accountability

Within each program, the Commission will develop the following procedures for the programming, allocating and reporting of program funds:

- Develop and adopt guidelines that are consistent with the mission of each program, as described in Proposition 1B and any clarifying legislation.
- Develop criteria that is consistent with the guidelines for the selection of projects and program projects accordingly for each program.
- Develop a system that will track program information by project, including, but not limited to, project identification, funding and delivery milestones.

In-Progress Accountability

For each program, the Commission will:

- Monitor the ongoing status of projects, specifically assuring projects are meeting target dates and staying within approved budgets.
- Provide semi-annual reports to Department of Finance and the Legislature on the status of each program.
- Provide an annual review of each program in the Commission's annual report to the Legislature as required by Proposition 1B.

Follow-up Accountability

- Perform analysis of project completion to assure it achieved desired results and met the mission of the program.
- Maintain records of program funds for audit and/or inspection of records.

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Each agency shall submit an Accountability Plan to the Department of Finance by March 1, 2007.

The California Transportation Commission's Accountability Plan for the Clean Air and Transportation Improvement Act

The California Transportation Commission (Commission) is responsible for programming and allocating funds for the construction of highway, passenger rail and transit improvements throughout California. The Commission also advises and assists the Secretary of Business, Transportation and Housing Agency and the Legislature in formulating and evaluating state policies and plans for California's transportation programs.

In June 1990, the voters approved the Clean Air and Transportation Improvement Act (Proposition 116), a $1.99 billion bond initiative, principally for rail development throughout California. Proposition 116 designated the Commission to oversee five grant programs over the twenty-year term of the measure and called for the Commission to develop guidelines necessary to implement the programs. The five programs established by Proposition 116 include the rail, non-urban county transit, waterborne ferry, bicycle, and rail museum programs. If any of the funds or not expended or encumbered prior to July 1, 2010, the Legislature may reallocate the funds, by a statute passed in each house by a two-thirds vote, for any other passenger rail project in the state. In the case of funds allocated to the Department of Transportation, the reallocation shall be for a state-sponsored passenger rail project.

Rail Program –

Proposition 116 made available $1.85 billion to fund grants for rail projects throughout the state. Grants under the rail program are available to designated recipients. Eligible rail projects include, but are not limited to, construction for commuter, urban and intercity rail service; right of way acquisition; and procurement of rolling stock.

The Commission adopted program guidelines on December 7, 1990 (CTC Resolution G-90-23) and adopted an amendment to the guidelines on July 18, 1991 (CTC Resolution G-91-19).

Non-Urban County Program –

Proposition 116 made available $73 million to fund a program of grants to eligible grant applicants for railroad grade crossing improvements, acquisition of railroad rights-of-way for rail transportation purposes, rail passenger improvements for safety, purchase of paratransit vehicles, and other capital facilities for public transportation.

The Commission adopted program guidelines on June 23, 1991 (CTC Resolution G-91-6).

Bicycle Program –

Proposition 116 made available $20 million to fund a program of competitive grants to local agencies for capital outlay for bicycle improvement projects which improve safety and convenience for bicycle commuters.

The Commission adopted program guidelines on April 25, 1991 (CTC Resolution G-91-4).

Waterborne Ferry Program –

Proposition 116 made available $20 million to fund a program of competitive grants to local agencies for the construction, improvement, acquisition and other capital expenditures associated with waterborne ferry operations for the transportation of passenger or vehicles or both. Proposition 116 also designated a separate $10 million for allocation to the City of Vallejo for expenditure on waterborne ferry vessels and terminal improvements.

The Commission adopted program guidelines on August 13, 1992 (CTC Resolution G-92-17).

State Museum of Railroad Technology –

Proposition 116 made available $5 million to the Department of Parks and Recreation for the construction of the California State Museum of Railroad Technology. These funds shall be available to the Department of Parks and Recreation when sufficient funding for the entire project is available.

Front-End Accountability

Within each of the five programs, the Commission:

- Developed and adopted guidelines that are consistent with the Clean Air and Transportation Improvement Act, and any clarifying legislation, for each of the five programs.
- Developed criteria that is consistent the Clean Air and Transportation Improvement Act, and any clarifying legislation, for each of the five programs.
- Developed a system that tracks program information by project, including, but not limited to, project identification, project approval actions, allocations and expenditures.

In-Progress Accountability

For each of the fives program, the Commission will:

- Continue to monitor the ongoing status of projects to ensure that funds are expended or encumbered prior to July 1, 2010 as required under the Clean Air and Transportation Improvement Act.
- Provide semi-annual reports to the Department of Finance and the Legislature on the status of each program.
- Continue to provide an annual review of each of the five programs in the Commission's annual report to the Legislature.

Follow-up Accountability

For each of the fives program, the Commission will:

- Perform an analysis of project completion to assure it achieved desired results and met the intent of the program.
- Maintain records of the programs for audit and/or inspection of records.