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PASSED BY
OCT 2 8 1998
CALIFORNIA
TRANSPORTATION COMMISSION

As amended, by a
motion of the Commission
December 3, 1998

CALIFORNIA TRANSPORTATION COMMISSION
RESOLUTION # G-98-20

FEDERAL ENHANCEMENT (TEA) PROGRAM UNDER TEA-21

Commission Objectives

- **Allow agencies with greater expertise and interest in TEA projects** – regions, state resources agencies, Caltrans – **to take a larger role in TEA project decisions.**
- **Minimize the number of TEA projects in the STIP,** since most TEA projects serve a predominately local interest.
- **Maximize regional discretion** and allow regions to streamline programming.
- **Use TEA funds to add onto state highway projects** where particular community or environmental enhancement opportunities can be found.
- **Preserve a state-level environmental enhancement program** for projects of significant statewide interest, complementing state funding with federal TEA funding**, and free up state funds for rural county planning and Caltrans' local assistance.**
- **Augment transportation mitigation banks with larger blocks of scenic land** along transportation corridors, to build up environmentally-valuable contiguous habitat preserves.
- **Expedite delivery of TEA projects.**
- **Ensure that regions not wanting or able to use TEA funds can exchange them,** to the state or among themselves, and take steps to prevent lapse of any federal TEA funds.

TEA Program Framework

1. The federal TEA program requirement is estimated at **$410 million through FFY 2004,** with $346 million from TEA-21 through FFY 2003 and an estimated $64 million beyond TEA-21 for FFY 2004. **Regional and state agencies may program up to seven years of TEA funds,** from the six years of TEA-21 (FFY 1998 through FFY 2003) plus FFY 2004, with the understanding that the increment for FFY 2004 depends on Congress extending TEA beyond TEA-21 into the next federal transportation act that follows, and so is not guaranteed funding. The TEA Program will parallel the state-local split called for in the STIP, with programming divided **75% to regional shares** and **25% to a state share,** which yields $308 million for regional shares (an increase of 30% over the 1998 Fund Estimate and 43% over ISTEA funding levels) and $102 million for the state share.

2. The Commission intends broad flexibility for regional shares. **All regional shares will be handled as direct local assistance grant programs,** in the manner of Regional STP and CMAQ local assistance, outside the STIP, authorized annually through the State Budget and the Commission's lump sum allocations for local assistance programs.

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3. The Commission intends to divide the state share into two parts. **The Commission will assign about 40% of the state share** ($40 million) **to Caltrans through the SHOPP,** to be used to add enhancements into state highway projects or to implement state plans for enhancements. **The Commission will make available the other 60% of the state share** ($62 million, or more as funds may be transferred) **as a resources share, for a state environmental enhancement program and a conservation lands program, carried out through authority of the state Environmental Enhancement & Mitigation program,** using guidelines modified to fit better with federal TEA program requirements.

4. The Commission will transfer federal TEA funds from the state environmental enhancement program so as to **free up** at least $10 million, and preferably as much as $20 million depending on the future of the state Environmental Enhancement & Mitigation program, in **state funds for rural planning and Caltrans' local assistance.**

5. **The Commission will allow small counties** (up to 200,000 population) **that decide not to use their full TEA shares to exchange TEA funds to the state for state transportation funds,** modeled on the exchange of other federal funds described in SB 1435 of 1992, with the TEA funds to be added into the state resources share for the conservation lands program. **Other larger counties that do not have statutory authority for state funds exchange may trade TEA funds among themselves.**

6. With an initial amount of $22 million plus any increase in the state resources share, the Commission intends to **fund a conservation lands program to acquire large blocks of scenic lands with habitat value along transportation corridors,** in concert with but over and above purchase of mitigation bank lands for future transportation projects.

Regional TEA Shares

7. **A regional agency may program any type of TEA project eligible** under federal law, **using its own choice of time schedule, programming policies, application forms, number of programming rounds, etc.** Caltrans will develop guidelines and an application form for use by regions that choose to do so.

8. **The Commission expects regions to split programming over at least two TEA rounds,** one committing one-third to one-half of the regional TEA share by 1999, and a second one by about 2001, but **smaller regions** with less than $1 million in total TEA share **may find it more practical to program all in one single round.**

9. **Regions may program their full 7-year TEA shares,** and, in keeping with overall local assistance programming practice, let late delivery determine which projects may not receive funding by 2003. **Estimated regional TEA shares may change year by year** until 2003, and 2004 is trend-line projection only; in particular the 2000 national census may affect federal funding formulas. Any region that does program its full estimated 7-year TEA share **before 2001 runs two risks: having to backfill with other funds or delete programming** if its year-by-year TEA share should end up smaller or if Congress declines to extend the TEA

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program beyond 2003, or having to deal with a small incremental remnant amount if its TEA share should end up larger.

10. **Regional shares in the 1998 STIP would be decreased by the amount of current TEA reserves.** Any region that already programmed new TEA projects in the 1998 STIP would have those projects transferred to its local assistance program. Any region that agreed to shift TEA responsibility to Regional STP, and already programmed transportation projects into the STIP, would receive augmentation of its Regional STP amount by the amount of the TEA reserve; it then could transfer a corresponding amount of STIP programming to Regional STP, or backfill its STIP programming from its 1999 STIP amendment share and add new Regional STP programming instead.

11. **The region would retain and reprogram** regional TEA shares **if new regional TEA projects subsequently fail.**

State TEA Share: Caltrans Share

12. **Caltrans may use its TEA share** (10% overall, $40 million) **for enhancements added into SHOPP or STIP projects, or to implement state plans** (prepared by Caltrans in cooperation with other state agencies) for TEA activities through the SHOPP.

13. **Caltrans** will prepare **guidelines,** for review and adoption by the Commission, to govern the **process to be used and choice of projects for its TEA share.**

14. The Commission intends that **Caltrans program funds from its TEA share by SHOPP** (or STIP) **amendment,** on an ad hoc schedule, using standard amendment procedures.

15. The funding for Caltrans' TEA share ($40 million) will be provided to the SHOPP through the fund estimate, but part or all may be exchanged into the STIP for transportation funds.

State TEA Share: Resources Share

16. The Commission intends that the **resources share** (15% overall, $62 million or more) be **used toward three purposes:** a state environmental enhancement program consisting of **competitive statewide rounds of TEA programming** (at $10 million per year) under the general authority for the state EE&M program, **a conservation lands program,** and transfer to **rural planning and Caltrans' local assistance.**

17. The Commission and Resources Agency will **continue the state EE&M program for the next three years,** through FY 2000-01, as authorized in SB 45, **with $10 million per year in state funding. If the Legislature fails to extend state funding for the EE&M program** beyond FY 2000-01, the Commission intends to **replace the program with an analogous program using federal TEA funding** at $10 million per year for three years, starting in FY 2001-02. The Commission would reserve a portion of federal TEA fund transferability for EE&M project types ineligible for federal TEA funding. **If the Legislature extends state funding for the EE&M program** beyond FY 2000-01, the Commission intends to assign $20 million in federal TEA funds for a **state environmental enhancement program to**

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complement the EE&M program, available for programming after the EE&M program extension becomes law.

18. The state environmental enhancement program will be available for **projects proposed by state agencies (except Caltrans), federal agencies, and regional, local, and other** (private non-profit, and Caltrans) **agencies with a state agency partner**, under guidelines broadened to include all eligible federal TEA categories, **in two (or more) rounds of programming.**

19. The Commission intends to work with the Resources Agency to **adapt the state's current Environmental Enhancement & Mitigation program guidelines** to govern the programming of the state environmental enhancement program, to bring in the broader requirements of the federal TEA program (with legislation if necessary), so that a round of programming using federal TEA funds already available can proceed expeditiously.

20. The Commission expects **projects proposed for the state environmental enhancement program** to be reviewed and **ranked in an open process** to be designed and **managed by the Resources Agency,** which would make program recommendations for Commission approval.

21. The Commission intends to fund a **conservation lands program, to preserve large blocks of scenic lands** along transportation corridors **with high value for habitat conservation**, in conjunction with transportation mitigation bank lands. The Commission intends to commit $22 million in federal TEA funds to the conservation lands program plus any additional funding that may come to the state resources share from exchange of regional shares or from failed projects, as discussed below.

22. The Commission invites **joint applications for scenic conservation lands projects from Caltrans and a public resources agency,** including access to transportation mitigation bank lands to be funded as needed from regular transportation funds plus enhancement acreage to be funded with federal TEA funds; other federal, state, regional, or local agency or private funds may also be included.

23. **Conservation lands projects** must meet **federal TEA eligibility** for scenic acquisition, must allow Caltrans to **enlarge or enhance** existing or concurrent **transportation mitigation bank lands,** and require **joint approval by the Resources Agency and Caltrans,** under general authority of the EE&M program, using an extension of guidelines for that program to be reviewed by the Commission and adopted by the Resources Agency. The Commission will consider **allocation** of federal TEA funds to jointly-approved projects, beginning **as soon as practical during 1999,** following completion of guidelines.

24. The Commission proposes to **transfer** $10 million or $20 million of federal TEA funds for other federal transportation funds, as allowed in TEA-21, to free up state funds for **rural planning and Caltrans' local assistance. If the Legislature extends state funding for the EE&M program** beyond FY 2000-01, the Commission intends to assign **$5 million per year for four years** (FYs 2000-01 through 2003-04) from transferred federal TEA funds to rural planning and Caltrans' local assistance. **If the Legislature fails to extend state funding for the EE&M program** beyond FY 2000-01, the Commission intends to replace the program

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with an analogous 3-year, $30 million program using federal TEA funding as described above, and only **$5 million per year for two years** (FYs 2000-01 and 2001-02) would remain available for transfer.

Exchange of TEA Funds

25. **Small counties may exchange TEA funds** they do not want to spend for TEA-eligible projects **to the state for transportation funds,** on an annual basis, modeled on the exchange of other federal funds described in SB 1435 of 1992.

26. **All regions may trade transportation and TEA funds among themselves,** limited only by the requirements to inform the Commission and Caltrans after such trades have been made.

27. **The Commission will make available a window from October 1998 through July 1999 during which a small county may exchange all or a part of its FFY 1998 and 1999 TEA funds to the state.** Subsequent exchanges will be done annually, following distribution of annual federal local assistance apportionments.

28. The Commission expects the **state to come out with a net increase in its TEA share** after exchanges with small counties and deletion of earlier TEA projects that fail to be delivered (as discussed below), to be **added to the state resources share to augment the conservation lands program,** to be used as described above.

Remaining TEA Projects from Earlier TEA Rounds

29. The Commission and Caltrans will **fund** all **delivered TEA projects,** whether existing (1996 STIP) or newly programmed, through September 2000 **using the oldest federal TEA funds first,** to forestall federal funds lapse. To the extent that old TEA funding (from ISTEA) may be used for new TEA projects, new TEA funding (from TEA-21) will be freed up for old TEA projects that come in later.

30. **Regions may supplement existing** (1996 STIP) **TEA projects** with additional TEA funding, through their TEA programming process, and **may seek a STIP amendment to trade one regional TEA project for another**. The state will not do this and will transfer TEA funds from 1996 STIP TEA projects that fail to the conservation lands program, to be used as described above.

31. The state will examine and **unprogram any existing** (1996 STIP) **TEA projects not deliverable or delivered by September 2000.** Under SB 45 the **region retains the program capacity, and may replace the failed TEA project(s) with new TEA projects**, or may exchange or trade the TEA funds as described above.

32. The state intends to **transfer $10 million or $20 million in federal TEA funds to transportation uses for rural planning and Caltrans' local assistance** as described above, may transfer in certain circumstances federal TEA funds for state environmental enhancement projects ineligible for the federal TEA program as described above, and would **transfer more than that as a last resort** only if lagging delivery of TEA projects threatens lapse of TEA funds near the end of any federal fiscal year.

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TEA Program Procedures

33. Caltrans will develop and the Commission will adopt **guidelines and an application form** for TEA projects sponsors, for **optional use by any region** that wants to. Caltrans will prepare and the Commission will adopt guidelines for Caltrans' use of its share. The Resources Agency will extend or adapt, with Commission review, its EE&M program guidelines to cover the state environmental enhancement and conservation lands programs.

34. In the absence of a federal TEA program defined in state law, Caltrans must seek budget capacity each year for expenditure of federal TEA funds through other state programs: SHOPP, EE&M program, and Regional STP local assistance program.

35. TEA program decisions for both regional and state shares must be made in an **open public decision process**, with an opportunity for parties interested in the TEA program to present comments.

36. Regions must provide Caltrans with **certain minimum information** relating to <u>all</u> TEA projects:

    1) **two copies** of the **application** for projects to be programmed, so Caltrans (on behalf of FHwA) can review for TEA eligibility before a TEA project can be amended into the Federal STIP, and keep a local assistance program administration file in both a district and the headquarters office;
    2) its updated regional **mailing list** periodically, so Caltrans can keep a current statewide mailing list;
    3) the **regional schedule for TEA programming rounds** at least two months **in advance of the due date for applications;** Caltrans will post this information on a web site (any region that has already issued a call for projects before the adoption of these guidelines may continue on its present schedule but should notify Caltrans immediately); and
    4) a current **contact person** responsible for TEA programming.

37. **Federal TEA funds must be matched**, at about 88.5% federal/11.5% match rate. The **Commission expects project sponsors to provide the match funding**, and to commit to **cover any cost increases** if projects turn out to be underfunded (particularly for the state environmental enhancement and conservation lands programs). State Highway Account funds can be used for match only for direct transportation projects, for projects qualifying for the SHOPP or STIP, or for TEA projects being built as part of a larger transportation project.

38. **Federal innovative and flexible funding methods will remain available for TEA projects**, including programmatic match, in-kind (soft) match, and federal fund front-loading.