

Reimbursable State Transportation Improvement Program: Projects Implemented Prior to Allocation



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**Report to the Legislature
2020**

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Executive Summary

The State Transportation Improvement Program is a 5-year plan for future allocations of certain state transportation funds for state highway improvements; intercity rail; and regional highway and transit improvements. State law requires the California Transportation Commission to update the State Transportation Improvement Program biennially, in even-numbered years, with each update adding two new years to prior programming commitments.

The Regional Transportation Improvement Program accounts for 75 percent of the funds allocated through the State Transportation Improvement Program for projects selected by regional agencies. Under this program, regional agencies designate federal and State Transportation Improvement Program funds for projects on the State Highway System or eligible local roads. State Transportation Improvement Program guidelines require local public agencies to request allocation for their projects through the California Transportation Commission.

Regional and local public agencies may spend their own funds to begin projects in the State Transportation Improvement Program in advance of the California Transportation Commission's approving the request to allocate funds to their project. Caltrans then reimburses regional and local public agencies for their expenditures following the California Transportation Commission's approval of these allocation of funds.

Report Purpose

This report is required annually by Government Code Section 14529.19(b) (see Appendix A) to inform the Legislature on the California Department of Transportation (Caltrans) assistance to local public agencies in accelerating projects and receiving timely reimbursement through the Regional Transportation Improvement Program. This report includes information on the number of projects where an agreement was not executed on time and the associated explanations. This report also details Caltrans' actions during the prior fiscal year to streamline, expedite, and simplify the department's process for finalizing agreements to transfer funds.

Report Results

Between April 1, 2019, and March 31, 2020, local public agencies received five allocations for five projects subsequent to California Transportation Commission approval of project allocations. Agreements for three projects were finalized within 90 days of allocation. Another agreement was finalized in a prior phase of the project and did not need a program supplemental agreement for the subsequent project phase completed during this reporting period. Caltrans

finalized one agreement after the 90-day period. The agreement was delayed in being sent to the local public agency because a manual data entry error resulted in the project mistakenly being assigned the same number as another project. Further project processing information is provided in this report in Appendix B.

Background

Statutory Reference

This report provides information on Caltrans' efforts to assist local public agencies in accelerating projects and receiving timely reimbursement through the Regional Transportation Improvement Program. Pursuant to Government Code section 14529.19(b), this report provides:

1. The number of projects where an agreement was not executed and the associated reasons.
2. Caltrans' actions during the prior fiscal year to streamline, expedite, and simplify the department's process for finalizing agreements to transfer funds.

Program Background

The State Transportation Improvement Program is the biennial, 5-year plan the California Transportation Commission adopted for future allocations of certain state transportation funds for state highway improvements; intercity rail; and regional highway and transit improvements. State law requires the California Transportation Commission to update the State Transportation Improvement Program biennially, in even-numbered years, with each new program update adding two years to prior programming commitments.

The Regional Transportation Improvement Program was created by SB 45 (1997). This program requires the reservation of 75 percent of funds allocated through the State Transportation Improvement Program for projects selected by regional agencies. The Regional Transportation Improvement Program allows regional agencies to program federal and State Transportation Improvement Program funds for projects on the State Highway System or eligible local roads. Under the State Transportation Improvement Program guidelines, local public agencies must request allocation of funds for their projects through the California Transportation Commission.

AB 872 (1999) streamlined the process by which local public agencies may begin projects to be funded from the State Highway Account by allowing those agencies to use their own funds in anticipation of receiving an allocation vote from the California Transportation Commission. Government Code Section 14529.17 (SB 184, 2007) limits this requirement to projects advanced for expenditure within the current fiscal year's State Transportation Improvement Program. Local public agencies must comply with all requirements for the project specified in federal and state law.

Government Code Section 14529.19 also requires Caltrans to finalize a program supplemental agreement with a local public agency within 90 days from the date of the California Transportation Commission's approval of an allocation for a project. Regional and local public agencies may request reimbursement from Caltrans once the agreement is final. This process is intended to expedite the delivery of local projects within a fiscal year.

The process for these reimbursements is as follows:

1. The California Transportation Commission programs the project into the State Transportation Improvement Program.
2. Regional and local public agencies notify the California Transportation Commission of their intent to expend their own funding on the project.
3. The California Transportation Commission approves the allocation of funds for the projects.
4. Caltrans and the regional or local public agency enter into a program supplemental agreement to reimburse the regional or local public agency once the allocation is approved.
5. Caltrans reimburses regional and local public agencies for their expenditures on the project.

Project Data

Under AB 872, five allocations totaling \$1,385,000 were made between April 1, 2019, and March 31, 2020, for 5 projects. Detailed project processing information is provided in this report in Appendix B. Caltrans sent three agreements within the 90-day period. Agreements for three projects were executed within 90 days of allocation, one project received its agreement in a prior project phase, and one agreement was delayed because a manual data entry error resulted in the project mistakenly being assigned the same number as another project. This was administratively corrected upon discovery and resulted in the agreement being sent to the local public agency 90 days beyond the 90-day requirement to finalize a program supplemental agreement. All projects have been issued a program supplemental agreement as of this report.

In early 2018, Caltrans nominated the program supplemental agreement process for the department's Lean Six Sigma Program. In September 2018, the program supplemental agreement process underwent a six-month, lean six sigma review to reduce processing time. Prior to the lean six sigma review, completing all program supplemental agreements averaged 76 days. The goal was set to reduce the time to 30 days. The lean six sigma effort eliminated

20 non-value-added steps, which resulted in an 8-step process that Caltrans implemented in January 2019. The streamlined effort employs enhanced electronic communication and use of electronic signatures. This has resulted in an average processing time of 33 days to obtain a fully executed program supplemental agreement.

Conclusion

Between April 1, 2019, and March 31, 2020, Caltrans made five allocations for five projects in advance of California Transportation Commission approving allocation of funds . Caltrans sent three agreements to the local public agencies within the 90-day period, and these were finalized on time. Another agreement was finalized in a prior phase of the project and did not need a program supplemental agreement for the subsequent project phase completed during this reporting period. Caltrans finalized one agreement after the 90-day period. The agreement was delayed in being sent to the local public agency because a manual data entry error resulted in the project mistakenly being assigned the same number as another project. Caltrans expects to strengthen internal controls for quality review to help decrease future administrative errors and achieve full compliance executing agreements within the 90-day period in the next fiscal year.

Appendix A. Statutory Reporting Reference

CALIFORNIA GOVERNMENT CODE

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA

DIVISION 3. EXECUTIVE DEPARTMENT

PART 5.3. CALIFORNIA TRANSPORTATION COMMISSION

CHAPTER 2. Duties

14529.19. (a) If no deficiencies that require clarification by a local or regional entity are identified in the pre-award audit for a local or regional project that is included in an adopted state transportation improvement program, the department and the local or regional entity shall execute an agreement to transfer funds for the project within 90 days from the date on which the commission approves an allocation for the project.

(b) Notwithstanding Section 7550.5, on July 1, 2000, and annually thereafter, the department shall compile information and report to the Legislature on the number of projects for which an agreement to transfer funds under subdivision (a) was executed and on all projects for which an agreement was not executed within the period provided under subdivision (a) and the reasons therefor. The information provided by the department shall include a description of any actions taken by the department during the prior fiscal year to streamline, expedite, and simplify the department's process for executing the agreements to transfer funds required under subdivision (a).

(Added by Stats. 1999, Ch. 572, Sec. 3. Effective January 1, 2000.)

Appendix B. Projects Implemented Prior to Allocation Period: April 1, 2019 to March 31, 2020

District	Agency Name	County Name	Project Number	PPNO	Allocation Date	90 day Deadline (from allocation date)	Agreement Sent to Local Agency	Agreement Received from Local Agency	Construction Funds
1	Humboldt County Association of Governments	Humboldt	PPM20-6133(053)	01-2002P	8/15/2019	11/13/2019	9/23/2019	10/1/2019	\$80,000.00
1	Lake County/City Area Planning Council	Lake	PPM20-6136(052)	01-3002P	8/15/2019	11/13/2019	9/20/2019	10/17/2019	\$40,000.00
1	Mendocino County Council of Governments	Mendocino	PPM20-6140(055)	01-4002P	8/15/2019	11/13/2019	9/23/2019	10/1/2019	\$90,000.00
2	City of Yreka	Siskiyou	RPL-5020(021)	02-2500	8/15/2019	11/13/2019	In Prior Phase	In Prior Phase	\$70,000.00
11	San Diego Association of Governments	San Diego	PPM20-6066(149)	11-7402	8/15/2019	11/13/2019	2/13/2020	5/1/2020	\$1,105,000.00