

# SAN LUIS OBISPO COUNCIL OF GOVERNMENTS

## STAFF REPORT

**MEETING DATE:** July 15, 2009

**SUBJECT:** 2010 Project Programming Update and Schedule

### SUMMARY

Later this fiscal year, the SLOCOG Board may be programming transportation funding on a wide spectrum of transportation projects (Highway Streets and Roads, Transit, and Bike and Pedestrian improvements) and programs (Transportation Demand Management and System Efficiency strategies) dependent upon the solvency of the State Highway Account and the federal Highway Trust Fund. Biennial funding cycles (2 year) typically bring together several state and federal funding programs to provide the greatest flexibility in project financing and delivery. In this cycle two key programs are tenuous at best; the State Transportation Improvement Program (STIP) and the reauthorization of the federal transportation bill (SAFETEALU) referenced in this staff report as the 2009 Surface Transportation Authorization Act. These are discussed separately below.

Biennial funding cycles are intermediate stages between planning and implementation. Selected projects and programs for funding are a result of SLOCOG's long range planning efforts establishing priorities through intra-agency collaboration and public input. System needs and deficiencies are integrated into the agency's Regional Transportation Plan (2005 RTP/Vision 2025) and a menu of short and mid term priorities are established. SLOCOG's Transportation Improvement Program (TIP) links projects to funding and is updated through biennial programming cycles. Leading up to each biennial funding cycle, SLOCOG staff works diligently with member agencies and transportation stakeholders to ensure candidate projects are moving through the process timely to address environmental and project design issues. Programming requirements, guidelines, and policies are established to ensure the region's long range goals are achieved.

The funding prognosis for both state and federal funding addressing the surface transportation system (Highway, streets, and roads; bike and pedestrian facilities) is bleak. Early projections and fund assumptions suggest \$6m will be available in state funding for major highway projects. Five years of new federal funding is currently projected at \$2.8m per year for non-highway related improvements.

### RECOMMENDATION

**Staff:** Receive information

### BACKGROUND

Even with the recent infusion of transportation revenues from the 2009 American Reinvestment and Recovery Act and the 2006 passage of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B), the 2010 biennial programming cycle will have little to no affect in initiating high priority "New Start" projects. On a positive note, the bid climate has changed considerably since the peak in 2008, making it less likely that funding from this programming cycle will be used to address project cost increases, as was the case in 2006 and 2008. The 2009 construction price index is down 30% from 2008.

Staff does not believe appropriate levels of funding will be available to adequately implement the short and mid term system development needs identified in the RTP's "Highway, Streets and Roads Program". This funding cycle does not present opportunities to implement local and regional projects under SLOCOG's "Non Motorized Transportation Program" by leveraging other state and federal

revenues sources with SLOCOG fundng. The schedule for annual programming of transit funds to implement the RTP's "Public Transportation Program" will occur concurrently with this 2010 funding cycle. A number of major interchange and operational improvements are still working through the project development phase and will be "queued" up for funding (e.g. US 101/Brisco Rd. IC, US 101/46W IC Ph2, South and North County US 101 operational improvements, SR 166 safety improvements).

## **DISCUSSION**

This staff report highlights the programming schedule and issues affecting the 2010 programming cycle. Revenue projections for one of the major funding sources of this programming cycle, State Transportation Improvement Program (STIP), will be formalized by the California Transportation Commission (CTC) after the State Legislature has approved a state budget for FY 9/10. The federal revenue component of this programming cycle will be dependent on US Congress and the Obama Administration taking action this summer to reauthorize the federal transportation bill (SAFETEA-LU) referred to as the 2009 Surface Transportation Authorization Act. The following discussion covers two program types: State Funding (STIP) and Federal Funding (RSTP).

### **I. State Funding – STIP**

The STIP is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the State Highway Account and other funding sources. The STIP is composed of two sub-elements: the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP). SLOCOG can also nominate projects for the ITIP. By August of this year, the CTC will publish a Fund Estimate for the STIP, including regional programming targets for each Regional Transportation Planning Agency to use when developing their respective RTIPs.

As the Regional Transportation Planning Agency (RTPA) for the San Luis Obispo County, SLOCOG is responsible for developing regional project priorities for the RTIP for the seven cities and county of San Luis Obispo region. The biennial RTIP is then submitted to the California Transportation Commission (CTC) for inclusion in the STIP. The California Department of Transportation (Caltrans) is responsible for developing the ITIP.

The California Transportation Commission will be unable to finalize a Fund Estimate to adequately forecast revenues for the 2010 STIP program until such time as the State Legislature adopts a state budget for fiscal year 9/10. STIP funding for major highway and regional project improvements is bleak. Maintenance and administration of the State Highways now consumes all state and federal fuel tax revenues. The only remaining revenue for the STIP originates from Proposition 42 (sales tax on fuel) which is subject to redirection by the State legislature. Issues such as decreased fuel excise tax revenues, the timing of Proposition 42 loan repayments, and how the economic uncertainty of the California State Budget will affect the state's ability to reissue bond sales so that the proceeds can be used to move currently committed STIP projects.

### **2010 RTIP Development**

The following principles will frame the development of SLOCOG 2010 RTIP, the region's contribution to the 2010 STIP.

- SLOCOG will work with CTC staff, Caltrans, and project sponsors to prepare the 2010 STIP.
- Investments made in the RTIP must carry out the objectives of the Regional Transportation Plan (RTP), and be consistent with its improvements and programs.
- SLOCOG may choose to consider programming a portion of their RTIP shares for projects that will meet a broader regional objective; including considerations such as operational projects intended to improve the performance of the transportation system as a whole, projects proposed for the Interregional Transportation Improvement Program (ITIP), and projects that

meet commitments in 2005 RTP, such as the Streets and Roads/Transit Capital shortfall funding commitment.

### **Key Programming Policy and Guidance**

#### ○ **Consistency with Regional and Local Plans**

##### ➤ **Community 2050**

Projects in the RTIP will support the policies direction included in Community 2050.

##### ➤ **RTP Consistency**

The 2005 Regional Transportation Plan (RTP) established funding policies and investment strategies that support enhanced mobility, improved transportation choices, adequate maintenance of the existing system, and strategic expansion through operational and system efficiency improvements. Programming policies governing the STIP and other flexible, multi-modal discretionary funding sources such as the federal Surface Transportation Program (STP) need to be responsive to that policy. New projects submitted for RTIP consideration must include a statement addressing how the project meets the strategies set forth in the RTP.

##### ➤ **Local Plans**

Projects included in the RTIP must be included or consistent with a local agency circulation element and included in Capital Improvement Program (CIP).

##### ➤ **SB 375**

Projects in the RTIP will support the stated goals and objectives of SB 375, reducing green house gas emissions.

#### ○ **CTC Guidance**

The California Transportation Commission (CTC) 2010 STIP guidelines are scheduled for adoption in the fall. After release, the SLOCOG will evaluate any changes in STIP policy implemented by the CTC that may affect programming policies set forth by the SLOCOG Board.

#### ○ **2010 RTIP Development Schedule**

Development of the 2010 RTIP under these procedures will be done in accordance with the schedule outlined below.

#### ○ **RTIP County Share Target**

The CTC is scheduled to distribute adopt the 2010 STIP Fund Estimate in August. RTIP county share targets will be released at that time assuming the state budget for fiscal year 9/10 is approved by the Legislature and Governor. The STIP is a five year capital program and it is expected that any new programming capacity will be available only in the out years of the 2010 STIP; fy 13/14 and fy 14/15. SLOCOG may request future county shares for major projects of regional significance. Staff's early and preliminary projections of SLOCOG's 2010 RTIP may at best be \$6m (equivalent to one year of the region's share of Prop 42's revenues – sales tax on fuel). This assumption considers decreased fuel excise tax revenues, the timing of Proposition 42 loan repayments, and the demand on the state to address safety needs first.

### **Project Eligibility**

Although SB 45 (Chapter 622, Statutes 1997) considerably expanded the range of projects that are eligible for consideration in the RTIP, including state highway improvements, local road improvements and rehabilitation, public transit, intercity rail, pedestrian, and bicycle facilities, grade separation, transportation system management, transportation demand management, soundwall projects, intermodal facilities, and safety. The CTC however has established allocation priorities that don't support local road improvement projects.

- **RTIP Project Solicitation**

SLOCOG project solicitation process will be initiated first by meeting with each member agency to review the status of prior STIP funded projects, obtain an update of project development work for candidate STIP projects, and assess project readiness and deliverability milestones. In October, SLOCOG staff will provide the Board an update on all short term (fy 9/10 to fy 14/15) transportation needs and priorities.

- **RTIP Project Selection**

In October, project selection criteria will be presented and staff will seek direction to apply the criteria and filter the project needs accordingly. Revised criteria are expected to address the implementation of Community 2050 and SB 375, a “preliminary” Sustainable Communities Strategy.

### **Federal Funding – Regional Surface Transportation Program (RSTP)**

The federal funding program is currently referred to as the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). SAFETEA-LU has been a five-year transportation-funding program that expires at the end of this federal fiscal year, October 1, 2009. The San Luis Obispo region receives approximately \$2.8M surface transportation funding per year with minimal growth projected as part of the new authorization (2009 Surface Transportation Authorization Act) currently drafted and in congressional committee review and mark up this summer. SLOCOG Board action in June committed \$1.5m of the first year of new federal funds (ffy 9/10) to go toward the construction of the Santa Maria River Bridges.

With Congress considering a new transportation bill in the range of \$400-500 billion, almost double that of its predecessor SAFETEA-LU, a blue ribbon commission on reform was established to set new goals, objectives and performance measures to ensure that money is spent responsibly under the new act and with clear accountability to the taxpayers. According to the commission, the existing program has lost focus and energy. The 2009 Surface Transportation Authorization Act will likely consolidate multiple programs and provide greater emphasis on toll facilities, congestion pricing, goods movement, and climate change projects. For the San Luis Obispo region this has between no and minimal applicability and will yield marginal gains in access to increased transportation funding.

The Surface Transportation Authorization Act will likely maintain RSTP largely in its current form, making no changes to either the formula by which funding is apportioned to States or the types of projects on which States may spend RSTP funding. The Act does, however, include a number of reforms to increase the ability of metropolitan and local governments to access and benefit from both suballocated RSTP funding and Transportation Enhancement (TE) funds. TE funding has supported

If the Obama Administration and/or Congress is unable to move the Surface Transportation Authorization Act in to law this summer, a continuing resolution at current funding levels is likely. However, included in this staff report is a letter from members of the House of Representatives discouraging continuance and advocating for passage. Regardless of the outcome, SLOCOG could program four years of funding as “reasonably expected revenue” for inclusion in to the COG’s federally required Transportation Improvement Program (FTIP).

### **2010 Biennial Programming Schedule**

**July 2009:** Meet with transportation stakeholders and assess short term project funding needs (including highway and needs, community livability projects, system efficiency opportunities, and transit capital and operations needs)

- August 2009:** Convene Surface Transportation Committee (TTAC) and review key policy issues, funding targets, draft project funding criteria, and distribute transportation stakeholder needs assessment resulting from July meetings; prepare and distribute member agency funding awards summary during between (2000 to 2009); Announce CTC approved Fund Estimate funding targets.
- October 2009:** Finalize project programming policies and project funding/selection criteria.
- December 2009** SLOCOG Board reviews and approves capital funding recommendations for highway and roads needs, transit capital and operations needs, community livability projects, and system efficiency opportunities.
- February 2008** Finalize funding program for Highway, Streets, and Roads Program.



**U.S. House of Representatives**  
**Committee on Transportation and Infrastructure**  
**Washington, DC 20515**

**James L. Oberstar**  
Chairman

**John L. Mica**  
Ranking Republican Member

David Heynsfield, Chief of Staff  
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James W. Coon II, Republican Chief of Staff

June 24, 2009

The President  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20050

Dear Mr. President:

We write, as Democratic Members of the Committee on Transportation and Infrastructure of the House of Representatives, to express our profound disappointment in your Administration's proposal to extend the current surface transportation programs for 18 months (through March 31, 2011). Your proposal fails to acknowledge the severity and urgency of the challenges facing the nation's surface transportation system at this critical time. It will lock us into the discredited policies of the past and prevent us from moving toward the transportation system of the future.

Numerous recent reports, including those of the National Surface Transportation Policy and Revenue Study Commission and the National Surface Transportation Infrastructure Financing Commission, have detailed the deteriorating quality of our transportation system. Decades of underinvestment have taken their toll. Almost 61,000 miles on the National Highway System are in poor or fair condition; more than 152,000 bridges – one of every four bridges – are structurally deficient or functionally obsolete; and more than 32,500 public transit buses and vans have exceeded their useful life.

The problems are immense; the solutions, while complex, are at hand. The Committee on Transportation and Infrastructure has prepared for nearly three years to write legislation to provide clear national transportation objectives and the investments necessary to ensure Americans have a surface transportation system to meet their needs in the 21<sup>st</sup> Century. The legislation that we have crafted delivers on what your Administration has said it wants: change – transformation of the current programs, a metropolitan mobility and access initiative to reduce congestion and greenhouse gas emissions, accountability for how Federal transportation dollars are spent, and increased livability for our communities. In addition, our bill builds upon the investment in high-speed rail, which you included in the Recovery Act, with a high-speed rail title. Our bill also creates a National Infrastructure Bank to better leverage transportation dollars. In total, this legislation will create or sustain six million family-wage jobs.

The President  
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We owe it to future generations to act now, not in two or three years. Every day that we wait for reform, lives are lost in motor vehicle crashes. Every week we delay, more parents are stuck in traffic trying to pick up a child at school. Each lost month, the economy suffers and inefficiencies grow. And every year that we fail to act, the cost of reform becomes more expensive.

The Administration's business-as-usual approach, with multiple extensions passed before enactment of a new multi-year highway, highway safety, and transit authorization act, is unacceptable. That is the failed experience of the past. An 18-month extension of current law and temporary restoration of the Highway Trust Fund will leave States without the certainty and reliable funding source that they need to plan, design, and construct significant multi-year highway and transit projects. States will slow investments – as they have done during past extensions – and this slowdown will offset much of the benefit of the increased transportation investment provided under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

We have a significant opportunity to address the long-term issues impacting our highways, and transit systems and a drawn-out, piecemeal approach to fixing our transportation network will not work.

We are ready. We have a transformational bill. We will move it through our Committee. We hope to work with your Administration; we have requested and continue to welcome your input and participation in finalizing this important legislation in the weeks ahead.

Sincerely,