

Attachment to Resolution G-03-19

STIP Guidelines Policies and Procedures Specific to the 2004 STIP

The following specific policies and procedures address the particular circumstances of the 2004 STIP and fund estimate.

- Annual targets for reprogramming. Development of the 2004 STIP will consist primarily of rescheduling projects carried forward from the 2002 STIP. The 2004 fund estimate will identify, for each county and the interregional share, the amount from the 2002 STIP that is subject to rescheduling and year-by-year targets for rescheduling. The county targets for delaying 2002 STIP projects to 2008-09 will be based on the share advance that each county has for the 4-year county share period ending 2007-08. Counties with net unprogrammed balances from the 2002 STIP, even after the share reduction from the 2004 STIP fund estimate, will have a zero target for 2008-09.
- Prior projects. Some current STIP programming is not subject to reprogramming (i.e., a region does not have the option of delaying the fiscal year of these items, even if that causes an annual target to be exceeded):
 - Projects already voted an allocation.
 - Programmed AB 3090 cash reimbursements.
 - GARVEE bond debt service, where the Commission has approved the allocation of bond proceeds.
 - Caltrans environmental, design, and right-of-way work now programmed for 2002-03 or prior years, unless Caltrans indicates that work has not yet begun or has been suspended and it is proposed to delete the work from the STIP or to delay the beginning of work until 2005-06 or later. Where work is suspended, the amount of expenditure to date will remain as programmed.
- New projects. Generally, any new project or project component added to the STIP (whether as a trade or from new capacity) will be added in 2008-09. Exceptions will be made for TE projects and may be made for other projects or components if the county has an unprogrammed share balance for the period ending 2007-08 in the 2004 STIP fund estimate. Consistent with statute, the Commission will give preference in the programming of new projects or components to projects in counties with an unprogrammed share balance for the county share period ending 2007-08.
- Transportation Enhancement (TE) targets. The fund estimate includes annual TE project targets for each county and the interregional share, based on share formula proportions of estimated statewide TE apportionments. These targets, however, do not limit TE programming. An RTIP or ITIP may propose any amount in any fiscal year for TE. The Commission will change the proposed programming years for TE projects only if statewide TE proposals exceed statewide TE apportionments.

- Prior STIP projects as TE. A region may identify a previously programmed STIP project as TE-eligible. In that case, the project will be counted toward the TE target and not be subject to rescheduling with non-TE projects. All TE allocations are subject to verification by Caltrans that the project is TE-eligible.
- Limitations on planning, programming, and monitoring. The fund estimate includes calculations of the statutory 1% and 5% limitations for PPM for each county share period. For the period from 2004-05 through 2007-08, this is a reduction from the estimates for the 2002 STIP. For some counties, this will require a reduction from current PPM programming for 2004-05 through 2006-07.
- Reprogramming of current year projects. In a departure from the general rule in the STIP Guidelines, projects programmed in FY 2003-04, including projects from prior years that have allocation extensions, may be reprogrammed to a later fiscal year if they are on the pending vote list or if they have been granted an extension of the allocation period that expires after the adoption of the 2004 STIP fund estimate.
- Allocation Extensions for Lack of Funding. In a departure from the general rule in the STIP Guidelines, the Commission may approve allocation extensions on the basis of the lack of funding. In the case of Caltrans projects, the Commission will grant extensions of the allocation period for construction if it finds that the delay in delivery is due to a lack of available funding for project development or right-of-way. In the case of local agency projects, the Commission will grant extensions of the allocation period if it finds that the delay in delivery is due to a lack of available State funding (including a lack of OA for RSTP/CMAQ) for prior components of the project. A project already granted an allocation extension may not be granted a second extension.
- Advance Project Development Element (APDE). There is no APDE identified for the 2004 STIP. Projects formerly identified as APDE may remain in the 2004 STIP, subject to the same limitations that apply to any other project.
- Programming of cash commitments. A currently programmed STIP project for cash (e.g., AB 3090 cash reimbursement or GARVEE debt service), including current cash commitments through FY 2008-09, is included in the base of existing commitments for the 2004 STIP fund estimate. These commitments will be carried forward to the 2004 STIP automatically and need not be included in RTIP and ITIP proposals and will not be further deducted from county or interregional shares. If, after the fund estimate, a new project is proposed for cash, it will be counted against program capacity in a way that takes into account that the STIP fund estimate was calculated to reflect the capacity to add projects drawing cash over a period of years. To reflect an equivalent draw on cash, a cash project will be counted 30% toward capacity for the fiscal year of the programmed cash commitment, 50% toward the prior year, and 20% toward the second year prior. For example, for a new AB 3090 cash reimbursement of \$100 programmed for allocation in 2008-09, \$20 would be counted toward the programming target for 2006-07, \$50 toward the target for 2007-08, and \$30 toward 2008-09.
- Selection of projects for GARVEE bonding. The Commission may select STIP projects proposed in either an RTIP or the ITIP for accelerated construction through GARVEE bonding. With the agreement of the agency that proposed the project, the Commission may designate a project for GARVEE bonding even if the original RTIP or ITIP did not

specifically propose GARVEE bonding. The Commission may also select projects programmed in the SHOPP for accelerated construction through GARVEE bonding.

- Project criteria for GARVEE bonding. The Commission will select projects for GARVEE bonding that are major improvements to corridors and gateways for interregional travel and goods movement, especially projects that promote economic development and projects that are too large to be programmed within current county and interregional shares or the SHOPP on a pay-as-you-go basis. The Commission's expectation is that, generally, these will be projects that require bond proceeds exceeding \$25 million. Major improvements include projects that increase capacity, reduce travel time, or provide long-life rehabilitation of key bridges or roadways.
- Nomination of projects for GARVEE bonding. In its RTIP, a regional agency may propose a project for GARVEE bonding or may provide alternative funding proposals, depending on whether a particular project is selected for bonding. In any case, a decision of the Commission not to program a project for GARVEE bonding does not constitute a rejection of the RTIP. In the ITIP, the Department may propose projects for GARVEE bonding or provide alternative funding proposals.
- Expectations for 2004 STIP. The Commission will approve documents in January 2004 for the first bond sale. The Commission anticipates that it will authorize additional bond sales whenever it has allocated a sufficiently large amount of bond proceeds to warrant a sale, probably no more frequently than once each year. Each bond will be structured for debt service payments over a term of not more than 12 years. For the 2004 STIP and SHOPP, the Commission intends to consider GARVEE bonding up to an annual debt service limit of 10 percent of Federal revenues (2/3 of its long-term policy limit). This would include projects scheduled for delivery at any time during the five-year STIP period (through 2008-09).
- Non-Federal share. GARVEE bonds cover only the Federally-funded portion of a project's cost (generally 88½ percent). GARVEE bonding in California is structured so that the State's future Federal transportation apportionments cover all debt service payments. This requires that the entire non-Federal portion of project cost (including costs of issuance and interest) be provided up front on a pay-as-you-go basis. Because of the State's recent cash flow shortage, the availability of local non-STIP funds to cover the non-Federal match has been a critical element in approving projects for inclusion in the first bond sale. However, the ability of a local agency to contribute non-STIP funding will not be a major criterion in the future selection of projects for GARVEE bonding. The non-Federal portion of project costs will be programmed within current STIP and SHOPP capacity.