

**2018
LOCAL PARTNERSHIP PROGRAM
GUIDELINES**

DRAFT

October 6, 2017

California Transportation Commission



**CALIFORNIA TRANSPORTATION COMMISSION
2018
LOCAL PARTNERSHIP PROGRAM GUIDELINES**

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Introduction

1. Background

The Road Repair and Accountability Act of 2017 (Senate Bill [SB] 1, Chapter 5, Statutes of 2017) created the Local Partnership Program and continuously appropriates two hundred million dollars (\$200,000,000) annually to be allocated by the California Transportation Commission (Commission) to local or regional transportation agencies that have sought and received voter approval of taxes or that have imposed fees, which taxes or fees are dedicated solely for transportation improvements. The Local Partnership Program was subsequently amended by Assembly Bill (AB) 115 (Chapter 20, Statutes of 2017) **and AB 135 (Committee on Budget, Chapter 255, Statutes of 2017).**

These guidelines, modeled after the Commission's Proposition 1B State-Local Partnership Guidelines for Fiscal Year 2010-11, describe the policy, standards, criteria, and procedures for the development, adoption and management of the 2018 Local Partnership Program. Pursuant to Streets and Highways Code Section 2033, these guidelines were developed in cooperation with the California Department of Transportation (Caltrans), transportation planning agencies, county transportation commissions, local agencies and other transportation stakeholders.

The Commission may amend these guidelines after first giving notice of the proposed amendments and conducting at least one public hearing. The Commission will make a reasonable effort to amend the guidelines prior to a call for projects or may extend the deadline for project submission in order to comply with the amended guidelines.

2. Program Objectives

The objective of the Local Partnership Program is to reward **“self-help”** counties, cities, districts, and regional transportation agencies in which voters have approved fees or taxes solely dedicated to transportation improvements **or that have enacted fees solely dedicated to transportation [based on Government Code Section 8879.66(b)(1)].** Consistent with the intent behind SB 1, the Commission intends this program to balance the need to direct increased revenue to the state's highest transportation needs while fairly distributing the economic impact of increased funding [SB 1 section 1(l)].

3. Program Schedule

The following schedule lists the major milestones for the development and adoption of the 2018 Local Partnership Program:

Draft Guidelines Presented to the Commission	August 16, 2017
Commission Adoption of Guidelines	October 18-19, 2017
Call for Project Applications	October 20, 2017

Formulaic Program:

Agencies Submit Voter Approval Information	October 27, 2017
Publish Proposed Distribution of Shares	November 13, 2017
Commission Adopts Formulaic Distribution of Shares	December 6-7, 2017
Projects Applications Due	December 15, 2017
Release Staff Recommendations	January 10, 2018 March 1, 2018
Commission Adopts Program	January 31, 2018 March 21-22, 2018

Competitive Program:

Applications Due	January 30, 2018
Release Staff Recommendations	April 25, 2018 June 4, 2018
Commission Adopts Program	May 16, 2018 June 27-28, 2018

Future cycles of the formulaic program will **be adopted each October include adoption of formulaic shares each August and program adoption each December.** Future competitive programs will be adopted biennially.

Funding

4. Source

The Local Partnership Program will receive two hundred million dollars (\$200,000,000) annually from the Road Maintenance and Rehabilitation Account.

5. Programming Cycle

For the Formulaic Program, the initial cycle will cover 2017-18 and 2018-19, and will be programmed annually after the first cycle is complete.

For the Competitive Program, the initial program cycle will cover 2017-18 through 2019-20. Future cycles will be programmed every two-years.

6. Distribution

In the initial programming cycle, 2017-18 through 2019-20, program funds will be distributed 50% via formula and 50% via a competitive program. The methodologies for distribution of funds will be revisited in the subsequent programming cycle.

Formulaic Program:

Jurisdictions with voter approved taxes, tolls, and fees will be eligible for a formulaic distribution of funds if the taxes, tolls, or fees are dedicated solely to transportation. The initial cycle of the formulaic program will cover 2017-18 and 2018-19, with annual programming cycles thereafter.

At the beginning of each programming cycle, the Commission will adopt the funding share for each eligible taxing authority, rounded to the nearest whole thousand dollars, as follows:

- A. The Commission will establish a northern California and southern California share by attributing the proportional share of revenues from voter-approved sales taxes, voter-approved parcel or property taxes, and voter-approved **bridge** tolls dedicated to transportation improvements and imposed in counties in northern California to the northern share, and by attributing the proportional share of revenues from voter-approved sales taxes, **voter-approved parcel or property taxes**, and **voter-approved tolls** imposed in counties located in southern California to the southern share. The determination of whether a county is located in northern or southern California shall be based on the definitions set forth in Section 187 of the Streets and Highways Code.
- B. Program funds made available to the southern share will be distributed **as follows:**
 - **Program funds generated by voter-approved tolls, voter-approved parcel or property taxes, and other voter approved taxes, excluding sales taxes, dedicated to transportation improvements shall be distributed to the taxing authority based on the proportional share of revenues generated by the toll or tax by that entity in comparison to the total revenues generated by voter-approved sales taxes, voter-approved parcel or property taxes, and voter-approved bridge tolls dedicated to transportation improvements in northern California.**
 - **Program funds generated by voter-approved sales taxes dedicated to transportation improvements shall be distributed to the entity responsible for programming and allocating revenues from the sales tax taxing authority based one half on the in** proportion to the population of the county in which the entity is located compared to the total population of southern California counties with voter-approved sales taxes dedicated to transportation improvements **and based one half on the proportional share of revenues generated by the tax of that entity in comparison to the total revenues generated by voter-approved sales taxes dedicated to transportation improvements in southern California.**
- C. Program funds made available to the northern share will be distributed as follows:
 - Program funds generated by voter-approved **bridge** tolls, **and voter-approved parcel or property taxes, and other voter approved taxes, excluding sales taxes**, dedicated to transportation improvements shall be distributed to the **entity responsible for programming and allocating revenues from the toll or tax taxing authority** based on the proportional share of revenues generated by the toll or tax by that entity in comparison to the total revenues generated by voter-approved sales taxes, voter-approved parcel or property taxes, and voter-approved **bridge** tolls dedicated to transportation improvements in northern California.
 - Program funds generated by voter-approved sales taxes dedicated to transportation improvements shall be distributed to the **entity responsible for programming and allocating revenues from the sales tax taxing authority based one half on the in** proportion to the population of the county in which the entity is located compared to the total population of the northern California counties with voter-approved sales taxes dedicated to transportation improvements **and based one half on the proportional share of revenues generated by the tax of that entity in comparison to the total revenues generated by voter-approved sales taxes dedicated to transportation improvements in northern California.**

All jurisdictions eligible for a formulaic funding share will receive a minimum annual share of \$100,000. The Commission may adjust this minimum funding share in subsequent programming cycles.

In establishing funding shares, the Commission will use the most current data available as follows:

- For local sales tax revenues, the sum of gross revenues for the most recent four quarters as reported for each local tax by the Board of Equalization.
- For parcel and property tax revenues, the revenues for the most recent fiscal year, as reported to the State Controller pursuant to Government Code Section 53891.
- For toll and other revenues, the sum of revenues for the most recent fiscal year, as reported in the agency's most recent audited financial statements.
- For population, the annual population estimate for cities and counties issued by the Department of Finance in May prior to the beginning of each fiscal year.

To verify eligibility, an agency must submit the following information by October 27, 2017:

- Ballot information.
- A copy of the ordinance or resolution seeking voter approval of the tax, toll, or fee.
- Election results (Official Statement of Votes Cast).
- **For tolls, fees, and taxes other than sales taxes**, a copy of the relevant section of the jurisdiction's most recent audited financial statements indicating the revenue generated by the tax, toll, or fee, including posting location on the internet and information about how the revenues are reported to the state.

The Commission will determine a funding share for each eligible taxing authority with a voter-approved tax or toll that was approved prior to the adoption of the funding shares and will be collected during the fiscal year.

Where a city has a voter-approved local sales tax and is located within a county without a countywide sales tax, the Commission will adopt a funding share for the city based on the city's population and the city's sales tax revenue. Where a city has a voter-approved local sales tax and is located within a county with a voter-approved local sales tax, the Commission will adopt a single countywide funding share based on the population for the county and both the city and county's sales tax revenue.

Where there are multiple eligible taxing authorities with a voter-approved local sales tax within a county with a countywide sales tax, the Commission will adopt ~~a single countywide~~ funding shares for each taxing authority based on the ~~population for the county~~ relative tax rates of each voter-approved sales tax.

If the program of projects adopted by the Commission does not program the full amount of a taxing authority's formulaic funding share, the balance will remain available for later program amendments supported by eligible project nominations. A balance not programmed in one programming cycle will carry over and be available in the following programming cycle. Funds that remain unprogrammed for two programming cycles will be redistributed (as described in this section) in the subsequent programming cycle.

Competitive Grant Program:

Jurisdictions with voter approved taxes, tolls, and fees, or with imposed fees, will be eligible for the competitive grant program if the taxes, tolls, or fees are dedicated solely to transportation. The initial programming cycle will cover 2017-18 through 2019-20. The Competitive Grant Program will revert to a two-year program after the first cycle is complete.

The Competitive Grant Program will be divided in two parts: one for jurisdictions with voter-approved taxes, tolls, or fees; and the second for jurisdictions with only imposed fees. The Competitive Grant Program will be divided into these two groups based on the relative tax, toll, and fee revenue of the taxing authorities. **In no case will the portion for jurisdictions with only imposed fees be less than \$5,000,000.**

To verify eligibility, an agency **that is not eligible for formulaic funds or that does not apply for formulaic funds** must submit the following information with their project application:

- A copy of the ordinance or resolution seeking to impose the fee.
- A copy of the relevant section of the jurisdiction's most recent audited financial statements indicating the revenue generated by the imposed fee, including posting location on the internet and information about how the revenues are reported to the state.

7. Incentive for New and Renewed Sales Tax Measures

To recognize new or renewed voter approved self-help efforts and to incentivize jurisdictions to pursue future sales tax measures, a one-time incentive grant will be provided to jurisdictions that seek and receive voter approval of new or renewed sales tax measures if those taxes are equal to or greater than one quarter cent, have a minimum period of ten-years, and are solely dedicated to transportation.

The total amount of incentive grants awarded will not exceed \$20,000,000 annually. The incentive grant amount will be based upon the projected annual revenue of the voter approved tax initiative (based on the voter approved tax rate and the sum of gross revenues for the most recent four quarters as reported by the Board of Equalization). If the projected revenue is less than \$100,000, the incentive grant amount will be \$100,000. For jurisdictions that generate tax revenues above \$100,000, the incentive grant amount will not exceed \$5,000,000. **Should the sum of the incentive amounts (based on the above) exceed \$20,000,000 in any year, each incentive amount will be reduced proportionally while still maintaining the \$100,000 minimum grant amount. If this occurs, in the following year, the Commission may elect to provide grants equal to the reductions if incentive grant funding is available (that is, if the incentive grants in that following year do not exceed \$20,000,000).**

Amounts for the incentive grants will be ~~adopted in October~~ **included in the formulaic shares adopted in August** of each year. Funding for the incentive grants will be deducted from the subsequent round of Competitive Grant Program funding.

8. Matching Requirements

Projects funded from the Local Partnership Program will require at least a one-to-one match of private, local, federal, or state funds **except jurisdictions with a voter approved tax or fee which generates less than \$100,000 annually need only provide a match equal to 50% of the requested Local Partnership Program funds.**

For the purpose of calculating the required match, the Commission will, **except for State Transportation Improvement Program funding**, only consider funds that are not allocated by the Commission on a project specific basis.

The matching funds must be expended concurrently and proportionally to the Local Partnership Program funds. Costs incurred prior to allocation will not be counted towards match.

The implementing agency must provide a project funding plan through construction that demonstrates the supplemental funding in the plan (local, federal, state, private sources) is reasonably expected to be available and sufficient to complete the project.

9. Funding Restrictions

Competitive Grant Program funds and funds in the initial cycle of the Formulaic Program shall not supplant other committed funds and are not available to fund cost increases except as noted below.

In the Formulaic Program, a project nomination may be for supplemental funding of a project that was allocated ~~Local Partnership Formulaic~~ Program funding in a prior year, provided that the supplemental ~~Local Partnership Formulaic~~ Program funding and the match for that supplemental funding will not be expended until after the allocation of the supplemental funding. The supplemental ~~Local Partnership Formulaic~~ Program funding may be to replace local funding already committed to the project, subject to the required one-to-one match.

These guidelines do not preclude the transfer of formulaic funding shares between agencies.

10. Reimbursement

The Local Partnership Program is a reimbursement program for eligible costs incurred. Costs incurred prior to Commission allocation and, for federally funded projects, Federal Highway Administration project approval (i.e. Authorization to Proceed) are not eligible for reimbursement.

Eligibility

11. Eligible Applicants

Eligible applicants are the taxing authorities that have sought and received voter approval of taxes, tolls, or fees, or that have imposed fees, including uniform developer fees as defined by subdivision (b) of Section 8879.67 of the Government Code, which taxes or fees are dedicated solely to transportation improvements. Taxing Authorities that have imposed fees and have not received voter approval of taxes, tolls, or fees are only eligible for the competitive grant program.

A nomination may identify an entity other than the applicant to be the project implementing agency. The implementing agency assumes responsibility and accountability for the use and expenditure of program funds.

Applicants and implementing agencies must comply with all relevant federal and state laws, regulations, policies, and procedures.

12. Eligible Projects

The Local Partnership Program eligible projects will be consistent with Government Code Section 8879.70 [A through F below] and Streets and Highways Code Section 2032(a) [G through I below]. Eligible projects shall include all of the following:

- A. Improvements to the state highway system including, but not limited to, all of the following:
 - Major rehabilitation of an existing segment that extends the useful life of the segment by at least 15 years;
 - New construction to increase capacity of a highway segment that improves mobility or reduces congestion on that segment; and
 - Safety or operational improvements on a highway segment that are intended to reduce accidents and fatalities or improve traffic flow on that segment.
- B. Improvements to transit facilities, ~~subject to the restrictions of Article XIX of the California Constitution,~~ including guideways, that expand transit services, increase transit ridership, improve transit safety, enhance access or convenience of the traveling public, or otherwise provide or facilitate a viable alternative to driving.
- C. The acquisition, retrofit, or rehabilitation of rolling stock, buses, or other transit equipment, including, but not limited to maintenance facilities, transit stations, transit guideways, passenger shelters, and fare collection equipment with a useful life of at least 10 years. The acquisition of vans, buses, and other equipment necessary for the provision of transit services for seniors and people with disabilities by transit and other local agencies is an eligible project under this paragraph.
- D. Improvements to the local road system, including, but not limited to, ~~both of~~ the following:
 - Major roadway rehabilitation, resurfacing, or reconstruction that extends its useful life by at least 15 years; ~~and~~
 - New construction and facilities to increase capacity, improve mobility, or enhance safety; ~~and~~
 - Safety or operational improvements that are intended to reduce accidents and fatalities or improve traffic flow on that segment.
- E. Improvements to bicycle or pedestrian safety or mobility with ~~a useful life of at least 15 years~~ **an extended useful life.**
- F. Improvements to mitigate the environmental impact of new transportation infrastructure on a locality's or region's air quality or water quality, commonly known as "urban runoff," including management practices for capturing or treating urban runoff.
- G. For purposes of the Local Partnership Program, a separate phase or stage of construction for an eligible project may include mitigation of the project's environmental impacts, including, but not limited to, sound walls, landscaping, wetlands or habitat restoration or creation, replacement plantings, and drainage facilities.
- H. Sound walls for a freeway that was built prior to 1987 without sound walls and with or without high occupancy vehicle lanes if the completion of the sound walls has been deferred due to lack of available funding for at least 20 years and a noise barrier scope summary report has been completed within the last 20 years.
- I. Road maintenance and rehabilitation.
- J. Other transportation improvement projects.

13. Eligible Components

The Commission will only program the construction component of a project in the Competitive Grant Program, except for those projects expected to be delivered using the design-build method, where a portion of the funds may be in design.

For the Formulaic Program, funds may be used for any component of a project, however, projects must commence right-of-way acquisition or construction within 10 years of receiving pre-construction funding through the Local Partnership Program, or the implementing agency **may be required to must** repay the Local Partnership Program funds. **Repaid funds will be made available for redistribution (see Section 5 above) in the subsequent programming cycle.**

Project Selection Process

14. Screening Criteria

Nominations will receive an initial screening by the Commission for completeness and eligibility, before moving to the evaluation process. Incomplete or ineligible applications may not be evaluated. An agency submitting multiple project applications must clearly prioritize its projects. All projects must be included in an adopted regional transportation plan and, if applicable, consistent with an approved Sustainable Communities Strategy.

Formulaic Program

The Commission will include in the annual program of projects each project nominated by an eligible applicant for a formulaic funding share provided that the Commission finds that the nomination meets the requirements of statute and Commission guidelines, and that the project has a commitment of the required match.

15. Project Rating Process

Competitive Grant Program:

To ensure a more equitable competition, the Commission will compare projects based on the population of jurisdiction(s) across which the tax or fee is applied. In most cases, this will be a county or city. For voter-approved tolls, the population will be the sum of the population of the jurisdictions that voted on the toll. The following population categories will be used:

- Category I: $\geq 1,500,000$
- Category II: 700,000 to 1,499,999
- Category III: 300,000 to 699,999
- Category IV: 100,000 to 299,999
- Category V: $<100,000$

To maximize the effectiveness of program funds, the minimum request for Competitive Grant Program funds that will be considered is indicated below based on the aforementioned population totals:

- Category I (population $\geq 1,500,000$): \$5,000,000
- Category II (population 700,000 to 1,499,999): \$3,000,000

- Category III (population 300,000 to 699,999): \$2,000,000
- Category IV (population 100,000 to 299,999): \$1,000,000
- Category V (population <100,000): No minimum requirement.

An agency applying for multiple competitive grants must prioritize its applications. The Commission may elect to only evaluate the highest priority application(s) submitted by each agency.

In approving grants for inclusion in the program of projects, the Commission will give consideration to geographic balance over multiple programming cycles.

16. Competitive Program Evaluation Criteria

The Commission will give higher priority to the following:

- Projects that are more cost-effective.
- Projects that can commence construction or implementation earlier.
- Projects that leverage more committed funds per program dollar.
- Projects that can demonstrate quantifiable air quality improvements, including a significant reduction in vehicle-miles traveled.
- Projects that can demonstrate regional and community project support.
- Within a Metropolitan Planning Organization, projects that further the implementation of the sustainable communities strategy.

~~In addition, the Commission intends to give higher priority to projects nominated by agencies that are located in areas without formula funding shares.~~

17. Project Nominations

Project nominations and supporting documentation must be submitted to the Commission by the deadlines in Section 3. Nominations will be treated in accordance with California Public Records Act requirements and information, subject to those requirements, may be publicly disclosed.

The Commission will post basic project application information on its website prior to adopting the final program of projects. After projects are selected for programming, the Commission will post the status of all project applications to its website.

Applicants should submit two hard copies of the application package and one electronic copy. All application materials should be bound, addressed, and delivered to:

Susan Bransen, Executive Director
California Transportation Commission
1120 N Street, MS-52
P.O. Box 942873

Sacramento, CA 95814

Caltrans is working to develop an online application for this program. This online application may not be completed in time for use in the initial application cycle. The Commission will notify potential applicants through its website and through the RTPA Group when the online application is available.

Each project application should be limited to **40 25** pages (excluding the Project Programming Request form) and must include:

- A. A cover letter, with signature of the Chief Executive Officer or other officer authorized by the taxing authority's governing board, authorizing and approving the application. Where the project is to be implemented by an agency other than the taxing authority, documentation of the agreement between the taxing authority and the implementing agency must be submitted with the application and include the signature of the Chief Executive Officer or other authorized officer of the implementing agency.
- B. A confirmation that any capacity-increasing project or a major street or highway lane realignment project was considered for reversible lanes pursuant to Streets and Highways Code Section 100.15.
- C. An explanation of the project and its proposed benefits, including the following:
 - i. Project title, which should be a brief non-technical description of the project type, scope, and location, and a map (or maps) of the project location denoting the project site.
 - ii. The amount of Local Partnership Program funds requested.
 - iii. The amount and source of matching funds. Each nomination must list each federal, state, local, and private funding source by project component and fiscal year. ~~For uncommitted funds, the applicant must indicate its plan for securing a funding commitment; explain the risk of not securing that commitment, and its plan for securing an alternate source of funding should the commitment not be obtained. If a project with uncommitted funds is programmed, all funding commitments must be secured prior to July 1 of the year in which the project is programmed or the project will be removed from the program.~~
 - iv. Project background and a purpose and need statement.
 - v. A concise description of the project scope and anticipated benefits (outcomes and outputs) proposed for funding.
 - vi. A description of the project's current status, including the current phase of delivery, and the schedule for the completion of the project.
 - vii. A project cost estimate which includes the amount and source of all funds committed to the project and the basis for concluding that the funding is expected to be available. If uncommitted funding is identified, the requirements as outlined in Section 16 must be included. Cost estimates should be escalated to the year of proposed implementation and be approved by the Chief Executive Officer or other authorized officer of the implementing agency.
 - viii. Each taxing authority should provide documentation that the expected benefits of the proposed project justify its costs, recognizing that some costs and benefits can be difficult to quantify. Each application should include analysis

utilizing **the appropriate module or modules of** Caltrans' Life-Cycle Benefit-Cost Analysis Model 6.0. This model can be found at:

http://www.dot.ca.gov/hq/tpp/offices/eab/LCBC_Analysis_Model.html.

If another model is more applicable the application should describe why and also provide the analysis based on the alternate model.

- ix. A description of how the project is consistent with transportation, land use and housing planning goals within the region. For projects within a region with a currently adopted California Air Resources Board approved Sustainable Communities Strategy (SCS), the eligible taxing authority will discuss how their project is consistent with the SCS. This will include a quantitative and/or qualitative assessment of how the project will facilitate implementation of the SCS and support achieving the region's greenhouse gas emission reduction targets.
 - x. A description of the greenhouse gas impacts and the community impacts of the project and how those impacts are mitigated to a less than significant level. **This should include a quantification of the effects of the project on diesel particulate (PM 10 and PM 2.5), nitrogen oxides, greenhouse gases and other pollutant emissions using the Caltrans' Life-Cycle Benefit-Cost Analysis Model 6.0. (Cal B/C), the SB 1 Intermodal Tool, or the SB 1 Other Projects Tool. Report emissions saved in both tons and dollars. The SB 1 Intermodal Tool and the SB 1 Other Projects Tool are currently under development. These tools will be provided by December 15th by Caltrans at:** http://www.dot.ca.gov/hq/tpp/offices/eab/LCBC_Analysis_Model.html.
- D. Each application must include a Project Programming Request Form. Each Project Programming Request Form must list federal, state, local, and private funding categories by project component and fiscal year. An excel template of this form may be found at <http://www.dot.ca.gov/hq/transprog/ocip.htm>. **Caltrans is working to develop a web-based Project Programming Request Form and expects to make this available by November 1, 2017. The Commission will notify potential applicants through its website and through the RTPA Group when the web-based form is available.**
- E. Each project nomination for the Competitive Grant Program shall also include:
- i. A description and quantification of the benefits the project will provide for disadvantaged communities and low-income area(s). Include a map to identify whether or not the project is located in a disadvantaged community or low-income community using the Disadvantage and Low-income Community Maps found at: <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>. An applicant may also use a region specific definition of a disadvantaged community.
 - ii. A description of the community and regional support for the project.
 - iii. For uncommitted funds, the taxing authority must indicate its plan for securing a funding commitment; explain the risk of not securing that commitment, and its plan for securing an alternate source of funding should the commitment not be obtained. If a project with uncommitted funds is programmed, all funding commitments must be secured prior to July 1 of the year in which the project is programmed or it will be removed from the program.

- iv. A description that demonstrates the taxing authority's ability to absorb any cost overruns and deliver the proposed project with no additional funding from **this program the Competitive Grant Program.**
- v. A description of the project delivery plan, including a description of the known risks that could impact the successful implementation of the project and the response plan of the known risks. The risks considered should include, but not be limited to, risks associated with deliverability and engineering issues, community involvement, and funding commitments.
- vi. The project priority (if agency is submitting multiple applications).

Programming

The program of projects for each fiscal year will include, for each project, the amount to be funded from the Local Partnership Program, and the estimated total cost of the project. Project costs in the Local Partnership Program will include costs for each of the following components: (1) permits and environmental studies; (2) plans, specifications, and estimates; (3) right-of-way; and (4) construction. The cost of each project component will be listed in the program no earlier than in the fiscal year in which the particular project component can be implemented. For Caltrans implemented projects, the cost of right-of-way support and construction support will be separated out and programmed separately from the right-of-way capital and construction capital cost.

Formulaic Program

The Commission's program of projects shall not include projects that exceed a taxing authority's formula funding share.

18. Committed/Uncommitted Funds

The Commission will program and allocate funding to projects in whole thousands of dollars and will include a project only if it is fully funded from a combination of Local Partnership Program funds and other committed funds and, for the Competitive Grant Program, uncommitted funds as described below. In the Formulaic Program, the Commission will program and allocate funding to a project only if it is fully funded from a combination of Local Partnership Program and other committed funding.

Uncommitted funds may only be from the following competitive programs: Active Transportation Program, Solutions for Congested Corridors Program, Trade Corridor Enhancement Program, or the Transit and Intercity Rail Capital Program. The taxing authority must indicate its plan for securing a funding commitment, explain the risk of not securing that commitment, and its plan for securing an alternate source of funding should the commitment not be obtained. If a project with uncommitted funds is programmed, all funding commitments must be secured prior to July 1 of the year in which the project is programmed or the project will be removed from the program. Projects programmed by the Commission in the Local Partnership Program will not be given priority in other programs under the Commission's purview.

The Commission will regard funds as committed when they are programmed by the Commission or when the agency with discretionary authority over the funds has made its commitment to the project by ordinance or resolution. For federal formula funds, including Regional Surface Transportation, Congestion Mitigation and Air Quality, and federal formula transit funds, the commitment may be by federal Transportation Improvement Program adoption. For federal

discretionary funds, the commitment may be by federal approval of a full funding grant agreement or by grant approval.

Project Amendments

19. Amendment Requests

Competitive Grant Program:

Project amendments will be considered for the Competitive Grant Program as follows:

- **Scope Changes** – The Commission will not consider changes to the scope of the project unless the change is minor and has no impact to the project benefits or the scope change increases the benefits of the project.
- **Cost Changes** – The Competitive Grant Program will not participate in any cost increases to the project. Any cost increases should be funded from other fund sources. If there is a change in the cost estimate, the Commission should be notified in writing as soon as possible. The written notification should explain the change and the plan to cover the increase.
- **Schedule Changes** – Schedule changes to a project will not be considered unless a time extension was approved as specified in Section 19. For projects programmed in the last year of the Local Partnership Program, the implementing agency may request to reprogram the project only once with justification.

Project amendments requested by implementing agencies shall receive the approval of all partner and funding entities before presentation to the Commission. Amendment requests should be submitted in a timely manner and include documentation that supports the requested change and its impact on the scope, cost, schedule and benefits.

Caltrans shall coordinate all amendment requests and utilize the Project Programming Request to help document the change. Implementing agencies must notify Caltrans in writing of proposed project amendments. This notification must include an explanation of the proposed change, the reason for the proposed change, the impact the proposed change would have to the project, and an estimate of the impact the proposed change would have on the potential of the project to deliver the project benefits as compared to the benefits identified in the project application (increase or decrease in benefits) and an explanation of the methodology used to develop the aforementioned estimate. **A revised Project Programming Request Form must be included in the notification.**

Caltrans will review the proposed amendment change and forward the proposed amendment change with Caltrans' written analysis and recommendation to the Commission for the Commission's approval.

Commission staff will present recommended changes deemed by staff to be minor changes, such as those with little or no impact to project benefits or which increase the benefits of the project, to the Commission as a part of the project allocation request. Staff will present **all other amendment** changes to the Commission as project amendments.

Formulaic Program:

In the initial programming cycle, the Formulaic Program may not be used to fund cost increases of ongoing projects.

Allocations

20. Allocation Requests

When an agency is ready to implement a project or project component, the agency will submit an allocation request to Caltrans. The typical time required from receipt of the request to Commission allocation is 60 days.

Caltrans will review the request and determine whether or not to recommend the request to the Commission for action. The Commission will consider the allocation of funds for a project when it receives an allocation with a recommendation from Caltrans. The recommendation will include a determination of project readiness, the availability of appropriated funding, and the availability of all identified and committed supplementary funding. When Caltrans develops its construction allocation recommendation, the Commission expects Caltrans to certify that a project's plans, specifications and estimate are complete, environmental and right-of-way clearances are secured, and all necessary permits and agreements (including railroad construction and maintenance) are executed.

In compliance with Section 21150 of the Public Resources Code, the Commission will not allocate funds for design, right-of-way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act. As a matter of policy, the Commission will not allocate funds for design, right-of-way, or construction of a federally funded project prior to documentation of environmental clearance under the National Environmental Policy Act (NEPA). Exceptions to this policy may be made in instances where federal law allows for the acquisition of right-of-way prior to completion of NEPA review.

The Commission will approve the allocation if the funds are available and the allocation is necessary to implement the project as included in the adopted Local Partnership Program. If there are insufficient program funds to approve an allocation, the Commission may delay the allocation of funds to a project.

Allocations must be requested in the fiscal year of project programming. Agencies should not request Commission allocations unless prepared to award contracts related to the allocation within six months. Whenever programmed funds are not allocated within the fiscal year programmed or within the time allowed by an approved allocation extension, the project will be deleted from the Local Partnership Program and the funds will be made available for redistribution (see Section 5 above) in the subsequent programming cycle.

Where the project is to be implemented by an agency other than the taxing authority, the allocation request must include a copy of the Memorandum of Understanding or Interagency Agreement between the taxing authority and implementing agency.

When Caltrans is the implementing agency, right-of-way support and construction support costs must be allocated separately from right-of-way capital and construction capital costs.

Project Delivery

21. Letter of No Prejudice

The Commission will consider approval of a Letter of No Prejudice (LONP) to advance a project programmed in the Local Partnership Program. Approval of the LONP will allow the agency to begin work and incur eligible expenses prior to allocation. The Amended LONP Guidelines were adopted in October 2017 and are on the Commission's website.

22. Timely Use of Funds

Local Partnership Program allocations must be requested in the fiscal year of project programming. Construction allocations are valid for award for six months from the date of allocation unless the Commission approves an extension. Any funds for which a contract has not been awarded within six months or prior to the expiration of an extension to the period of allocation, will be deallocated and be made available for redistribution (see Section 5 above) in the subsequent programming cycle.

The Commission may extend a deadline only once for allocation only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed twelve months.

Funds allocated for project development or right-of-way costs must be expended by the end of the second fiscal year following the fiscal year in which the funds were allocated. The implementing agency must invoice Caltrans for these costs no later than 180 days after the fiscal year in which the final expenditure occurred.

The Commission may extend a deadline only once for contract award and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed twelve months.

After award of the contract, the implementing agency has up to 36 months to complete (accept) the contract. At the time of fund allocation, the Commission may extend the deadline for completion of work and the liquidation of funds if necessary to accommodate the proposed expenditure plan for the project.

The Commission may extend the deadlines for expenditures for project development or right-of-way, or for contract completion no more than one time, only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributed to the extraordinary circumstance and cannot exceed more than 20 months for project completion and 12 months for expenditure.

~~**The Commission may extend a deadline only once for either allocation or award of a construction contract, and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed six months.**~~

Except for the allocation of funds, the request to extend the deadline for any of the above must be received by Caltrans prior to the expiration date. For allocation of funds, the time extension

must be approved by the Commission by June 30th of the year the funds are programmed; otherwise the funds will lapse as specified in this section.

Where a project component will not be ready for allocation as programmed in the current fiscal year, the implementing agency should request an extension of the allocation deadline rather than a project amendment.

For the Formulaic Program, funds may be used for any component of a project, however, projects must commence right-of-way acquisition or construction within 10 years of receiving pre-construction funding through the Local Partnership Program, or the implementing agency ~~may be required to~~ **must** repay the Local Partnership Program funds. **Repaid funds will be made available for redistribution (see Section 5 above) in the subsequent programming cycle.**

23. Delivery Deadline Extensions

The Commission may extend a delivery deadline, as described in Section 19, upon the request of the implementing agency. No deadline may be extended more than once. However, there are separate deadlines for allocations, contract award, expenditures, and project completion. Each project component has its own deadlines. The Commission may consider the extension for each of the deadlines separately.

All requests for project delivery deadline extensions shall be submitted directly to Caltrans for processing. The extension request should describe the specific circumstance that justifies the extension and identify the delay directly attributable to the circumstance. Caltrans will review and prepare a written analysis of the proposed extension requests and forward the written analysis and recommendation to the Commission for action.

24. Project Inactivity

Once funds for a project are encumbered, project applicants are expected to invoice on a regular basis (for federal funds, see 23 CFR 630.106 and the Caltrans' Inactive Obligation Policy). Failure to do so will result in the project being deemed "inactive" and subject to de-obligation and deallocation if proper justification is not provided.

25. Project Cost Savings

Savings at contract award may be used to expand the scope of the project only if the expanded scope provides additional quantifiable benefits. The expanded scope must be approved by the Commission's Executive Director prior to contract award. Savings at contract award of 10% or less may remain committed to the project to fund future cost increases (in proportion to other funds). All other contract award savings will be returned proportionally and made available for redistribution in subsequent programming cycles.

Savings at project completion must be returned proportionally except when an agency has, subsequent to project programming, committed additional funds to the project to fund a cost increase. In such instances, savings at project completion may be returned to other fund types first, until the proportions match those at programming. Any additional savings must be returned proportionally and made available for redistribution in subsequent programming cycles.

26. Project Reporting

SB 1 places responsibility on the Commission to track the performance and report to the public how well funding recipients are delivering projects receiving Local Partnership Program funds. Additional reporting requirements will be outlined in the Commission's upcoming Accountability and Transparency Guidelines.

Caltrans, in cooperation with the implementing agencies, will report to the Commission on a semi-annual basis. The reports will include information on the activities and progress made toward implementation of the project, including those project activities taking place prior to an allocation and the commitment status of supplemental funding identified at the time of programming. The reports will at a minimum include:

- A summary describing the overall progress of the project since the initial programming action.
- Expenditures to date for all project phase costs, segregated by fund.
- A summary of milestones achieved during the prior year and milestones expected to be reached in the coming year.
- ~~An assessment of how the project is meeting the quantitative and qualitative performance measures and expected project benefits identified in the project application.~~
- Identify any changes to the scope, cost, schedule, and benefits of the project.

Within one year of the project becoming operable, a final delivery report must be submitted. The implementing agency must provide the following information to Caltrans for inclusion in the final delivery report to the Commission:

- The scope of the completed project as compared to the programmed project.
- Before and after photos documenting the project.
- The final costs, by component and fund type, as compared to the approved project budget at allocation **and baseline agreement if applicable.**
- Project duration as compared to the project schedule in the project application.
- Performance deliverables (outputs and outcomes) derived from the project as compared to those described when the decision was made to fund the project. This should include an explanation of the methodology used to quantify **and qualify** the benefits.
- For the purpose of this section, a project becomes operable when the construction contract is accepted or acquired equipment is received.

The purpose of the reports is to ensure that the project achieves the objectives of the program, is executed in a timely fashion, is within the scope and budget identified when the decision was made to fund the project and is on track to deliver the expected benefits.

27. Project Tracking Database

Caltrans is responsible for developing, upgrading and maintaining an electronic database record of the adopted Local Partnership Program and Commission actions. The database will include project specific information, including project description, location, cost, scope, schedule,

expected benefits, and progress of the project and a map. The project information from the database will be accessible through Caltrans' website.

28. Project Auditing

Caltrans must audit, in accordance with Generally Accepted Government Auditing Standards, a representative sample of the Local Partnership Program projects. The scope of these audits will be performed to determine whether:

- Project costs incurred and reimbursed are in compliance with the Commission's Local Partnership Program Guidelines, the Commission's Accountability Guidelines, contract provisions, and state and federal laws and regulations.
- Project deliverables (outputs) and outcomes are consistent with the project scope, schedule, and benefits described in the project nomination used to program the project.

A report on the projects audited, their findings and status of any corrective action must be submitted to the Commission by October 1 of each year.

29. Workforce Development Requirements and Project Signage

Pursuant to Streets and Highways Code Section 2038, by July 1, 2023, agencies receiving Road Maintenance and Rehabilitation Account funds will need to describe how projects will address participation and investment in new or existing pre-apprenticeship training programs that focus on outreach to women, minority participants, underrepresented subgroups, formerly incarcerated individuals, and local residents to access employment opportunities. Therefore, this information should be included in the semi-annual reports submitted to Caltrans.

Additionally, the implementing agency must, for all projects, include signage stating that the project was made possible by SB 1 – The Road Repair and Accountability Act of 2017. The signage should be in compliance with applicable federal or state law, and Caltrans' manual and guidelines, including but not limited to the provisions of the California Manual on Uniform Traffic Control Devices.