

Reference No.: 4.5
October 18-19, 2017
Attachment A

**2018
TRADE CORRIDOR
ENHANCEMENT PROGRAM
FINAL GUIDELINES**

October 6, 2017

California Transportation Commission



**CALIFORNIA TRANSPORTATION COMMISSION
2018
TRADE CORRIDOR ENHANCEMENT PROGRAM GUIDELINES**

TABLE OF CONTENTS

Introduction	3
1. Background	3
2. Program Objectives	3
3. Program Schedule	4
Funding	4
4. Source	4
5. Programming Cycle	4
6. Distribution	4
7. Leveraging of Nationally Significant Freight and Highway Project Funds	6
8. Matching Requirements	6
9. Funding Restrictions	7
10. Reimbursement	7
Eligibility	7
11. Eligible Applicants	7
12. Eligible Projects	8
13. Eligible Components	9
Project Selection Process	9
14. Screening Criteria	9
15. Project Rating Process	10
16. Evaluation Criteria	10
17. Project Nominations	12
Programming	15
18. Programming Capacity	15
19. Program of Projects	15
20. Contingency List	16
21. Committed/Uncommitted Funds	16
Project Amendments	16
22. Project Review Committee	16
23. Amendment Requests	17
Allocations	18
24. Allocation Requests	18
Project Delivery	18
25. Letter of No Prejudice	18
26. Timely Use of Funds	19
27. Delivery Deadline Extensions	20
28. Project Inactivity	20
29. Project Cost Savings	20
30. Project Reporting	20
31. Project Tracking Database	21
32. Project Auditing	22
33. Project Signage	22

Appendix A – Goals and Guiding Principles.....23
Appendix B – Fund Estimate.....25

DRAFT

Introduction

1. Background

The Road Repair and Accountability Act of 2017 (Senate Bill [SB] 1, Chapter 5, Statutes of 2017), signed into law on April 28, 2017, established the Trade Corridor Enhancement Account to fund corridor-based freight projects nominated by local agencies and the state. Implementing legislation was enacted with the approval of SB 103 (Chapter 95, Statutes of 2017) on July 21, 2017 which directs the California Transportation Commission (Commission) to allocate the Trade Corridor Enhancement Account funds and the federal National Highway Freight Program funds to infrastructure improvements along corridors that have a high volume of freight movement.

The National Highway Freight Program was established with the approval of Fixing America's Surface Transportation (FAST) Act, on December 4, 2015.

Additionally, Assembly Bill 133 (Chapter 2, Statutes of 2016) provided a Traffic Congestion Relief Fund loan repayment to be used for trade corridor improvements.

The Commission is responsible for programming and allocating these state and federal funds and will be administered through the Trade Corridor Enhancement Program.

The Trade Corridor Enhancement Program guidelines build from the 2007 Proposition 1B Trade Corridors Improvement Fund guidelines, which provided a onetime infusion of state funds for freight-related infrastructure improvements along corridors with a high volume of freight movement.

Freight planning and policy has changed since the Proposition 1B Trade Corridors Improvement Fund guidelines were developed in 2007, with the approval of the 2014 California Freight Mobility Plan and the 2015 California Sustainable Freight Action Plan, which have helped define California's approach to freight planning and policy over the last decade.

These guidelines describe the policy, standards, criteria, and procedures for the development, adoption and management of the Trade Corridor Enhancement Program. The guidelines were developed in consultation with stakeholders representing state, regional, and local government entities, advocacy groups and private industry.

The Commission may amend these guidelines after first giving notice of the proposed amendments. 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 Trade Corridor Enhancement Program is to fund infrastructure improvements on federally designated Trade Corridors of National and Regional Significance, on the Primary Freight Network, as identified in the California Freight Mobility Plan, and along other corridors that have a high volume of freight movement as determined by the Commission. The Trade Corridor Enhancement Program will also support the goals of the National Highway Freight Program, the

California Freight Mobility Plan, and the guiding principles in the California Sustainable Freight Action Plan. Appendix A provides a list of the various goals and guiding principles.

3. Program Schedule

The following schedule lists the major milestones for the development and adoption of the 2018 Trade Corridor Enhancement Program:

Draft Guidelines Presented to Commission	October 18-19, 2017
Commission Adoption of Guidelines	October 18-19, 2017 December 6-7, 2017
Call for Project Applications	October 20, 2017 December 8, 2017
Project Applications due to Commission (postmark date)	January 30, 2018 February 23, 2018
Release Staff Recommendations	April 30 25, 2018
Commission Adopts Program	May 16, 2018

Funding

4. Source

The Trade Corridor Enhancement Program will receive \$794 million from the Trade Corridor Enhancement Account, \$535 million will be received from the federal National Highway Freight Program and a one-time appropriation of \$11 million will be received from the Budget Act of 2015 as amended by Assembly Bill 133 (Chapter 2, Statutes of 2016, item 2660-013-0001, provision1[b]). A three year Fund Estimate is provided in Appendix B.

5. Programming Cycle

The initial program will include five years (2015-16 thru 2019-20) of funding from the National Highway Freight Program funding along with three years (2017-18 thru 2019-20) of funding from the Trade Corridor Enhancement Program funding and a one-time appropriation of \$11 million from the Budget Act of 2015. A subsequent program will be adopted by July 1, 2020 to align with the required update of the California Freight Mobility Plan, pursuant to Assembly Bill 14 (Chapter 223, Statutes of 2013). The duration of the subsequent program cycle will be determined through the guideline update process.

6. Distribution

The Commission supports a corridor-based programming approach to the Trade Corridor Enhancement Program, which recognizes and complements the goods movement planning work

already done within the major trade corridors. The Commission also recognizes and supports the key role that the state and regions have in project identification.

After consulting the California Freight Mobility Plan and conducting a number of stakeholder workshops, the Commission has determined that the following corridors are eligible for funding under this program:

- Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties)
- Central Valley (El Dorado, Fresno, Kern, Kings, Madera, Merced, Placer, Sacramento, San Joaquin, Stanislaus, Sutter, Tulare, and Yolo counties)
- Central Coast (Monterey, San Benito, San Luis Obispo, Santa Barbara, and Santa Cruz counties)
- Los Angeles/Inland Empire (Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties)
- San Diego/Border (Imperial and San Diego counties)

The Commission acknowledges that other regions may have goods movement infrastructure needs along corridors that have a high volume of freight movement that are eligible for funding. The Commission anticipates those regions will nominate their projects for consideration.

To promote a corridor-based approach while also recognizing the key role of the state in prioritizing interregional freight projects, the Commission has developed the following targets for projects nominated by the California Department of Transportation (Caltrans) and for the geographic programming of projects nominated by other agencies. Pursuant to Streets and Highways Code, Section 2192, the target for Caltrans is 40% of the identified program funding. The remaining 60% is available for projects nominated by regional transportation agencies and other public agencies, including counties, cities, and port authorities.

In considering geographic balance for the overall program, the Commission may program below the corridor-based targets in a region or regions to account for projects programmed from the statewide target.

~~The targets for the regional corridors are based on the identified costs of projects located on the Tier 1 network and total projects set forth in the California Freight Mobility Plan (excluding those shown as under construction and fully funded). The California Freight Mobility Plan Tier 1 network is comprised of routes having the highest truck volumes or provides essential connectivity to and between key freight gateways and regions. The Commission expects Caltrans to maintain and provide an updated prioritized Freight Project List prior to subsequent programming cycles.~~

The targets for the corridors are refined percentages based on the Proposition 1B Trade Corridor Improvement Fund percentages. These refined percentages will be used for the initial 2018 program. The Commission intends to utilize the tiered Freight Project List in the California Freight Mobility Plan to identify a low to high programming range for each identified corridor for the distribution of subsequent programs. The Commission expects Caltrans to maintain and provide an updated prioritized Freight Project list prior to subsequent program cycles.

The targets are neither minimums, maximums, nor guarantees. They do not constrain what any agency may propose or what the Commission may approve for programming and allocation within any particular corridor.

Programming Targets		
Statewide Target		
Caltrans		\$536,000,000
Regional Corridor Targets		
	Percentage	Target
Bay Area/Central Valley	27%	\$217,000,000
Central Coast	2%	\$16,000,000
Los Angeles/Inland Empire	58%	\$467,000,000
San Diego/Border	11%	\$89,000,000
Other	2%	\$16,000,000

7. Leveraging of Nationally Significant Freight and Highway Project Funds

SB 1 indicates the Legislature’s intention to leverage SB 1 funds to obtain matching funds from federal sources to maximize improvements on high priority freight corridors. The Commission will program up to the [identified target to match a project that has been awarded federal funds in the 2017 or the 2018](#) Nationally Significant Freight and Highway Projects (INFRA Grant) program, if the project is otherwise eligible under the Trade Corridor Enhancement Program.

[For INFRA Grant projects that are jointly nominated by Caltrans and another agency, the programmed amount will be equally split between the statewide and regional corridor target. In the event, the regional corridor target is less than one half of the programmed amount, the difference will be taken from the statewide target. For all other INFRA Grant projects, the programmed amount will be taken from the applicable regional corridor target.](#)

The project may be programmed and allocated prior to the adoption of the Trade Corridor Enhancement Program of projects in May 2018 but not before the INFRA Grant funding is awarded. In the event the INFRA Grant funding is awarded after the May 2018 program adoption, the appropriate targets will be adjusted in the next program cycle.

Recipients of the INFRA Grant funding must provide the Commission a copy of the INFRA Grant application, documentation of the official award of INFRA Grant funds, within 15 days of receipt of the notice of award, along with a cover letter describing how the project is eligible for Trade Corridor Enhancement Program funding. The allocation of funds will be processed as outlined in Section 24 of these guidelines.

8. Matching Requirements

Projects funded from the Trade Corridor Enhancement Program will require at least a 30% match of private, local, federal, or state funds. For the purpose of calculating the required match, the Commission will only consider funds that are not allocated by the Commission on a project specific basis. For projects nominated by Caltrans, no match will be required. However, as noted in

Section 17, the Commission will consider the leveraging and coordination of other funds when evaluating projects. For projects jointly nominated by Caltrans and another agency, the matching funds must account for 30% of the local agency's share of the project costs.

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

The applicant 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.

The investment of public funding must be tied to public benefits as demonstrated through a public/private benefit cost analysis. The benefit cost analysis should take into account who owns the asset once the project is completed.

9. Funding Restrictions

Trade Corridor Enhancement Program funds shall not supplant other committed funds and are not available to fund cost increases except as noted below.

Trade Corridor Enhancement Program funding may be used to fund cost increases on Caltrans nominated projects. The statewide target in future programming cycles will be adjusted accordingly. The Commission will allocate the cost increase on a project by project basis consistent with Section 24 of these guidelines.

For jointly nominated projects, the Commission expects cost increases will be funded based on agreements between the agencies nominating the project.

A project that is already fully funded or is a capital improvement that is required as a condition for private development approval or permits is not eligible for funding from the Trade Corridor Enhancement Program.

10. Reimbursement

The Trade Corridor Enhancement 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 include local, regional, and public agencies such as cities, counties, Metropolitan Planning Organizations, Regional Transportation Planning Agencies, port

authorities, public construction authorities, and Caltrans. Project proposals from private entities must be submitted by a public agency sponsor.

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.

The Metropolitan Planning Organizations will be responsible for compiling project nominations from their respective agencies as described in Section 17.

12. Eligible Projects

Consistent with the California Freight Mobility Plan, a freight project is a project that significantly contributes to the freight system's economic activity or vitality; relieves congestion on the freight system; improves the safety, security, or resilience of the freight system; improves or preserves the freight system infrastructure; implements technology or innovation to improve the freight system or reduce or avoid its negative impacts; or reduces or avoids adverse community and/or environmental impacts of the freight system.

To be eligible for funding under this program, a project must meet the aforementioned freight project definition, support the objectives of the program, and meet the screening and evaluation criteria.

Projects receiving state funds must be consistent with Article XIX of the California Constitution.

Projects receiving federal National Highway Freight Program funds must comply with the provisions of Title 23 of the U.S. Code of Federal Regulation, and be located on the Primary Highway Freight System or a designated Critical Rural Freight Corridor or Critical Urban Freight Corridor. The designation of the Critical Rural Freight Corridor or Critical Urban Freight Corridor is not required at the time of project nomination, however, the designation must be federally approved prior to the project requesting allocation. Grade Crossing improvement projects, Grade Separation projects, Intermodal projects, and Intelligent Transportation System projects are not required to have a Critical Rural Freight Corridor or Critical Urban Freight Corridor designation.

Projects eligible for funding under the program include, but are not limited to, the following:

- Highway improvements to more efficiently accommodate the movement of freight.
- Freight rail system improvements to enhance the ability to move goods, including grade separations.
- Port capacity and efficiency enhancements, excluding the purchase of fully automated cargo handling equipment.
- Truck corridor improvements, including dedicated truck facilities or truck toll facilities, including the mitigation of the emissions from trucks or these facilities.
- Border access improvements to enhance goods movement.

- Surface transportation, local road, and connector road improvements to effectively facilitate the movement of goods.
- Port and/or rail projects to facilitate intermodal interchange, transfer, and access into or out of the facility (limited to 10% of federal yearly apportionments).
- Intelligent Transportation Systems (ITS) or other technology to improve the flow of freight, real time information systems, weigh-in-motion devices, electronic screening/credentialing systems, traffic signal optimization, work zone management and information systems, ramp metering, electronic cargo and border security technologies.
- Environmental/community mitigation or efforts to reduce environmental impacts of freight movement, such as projects that reduce noise, overnight truck idling, or truck queues and advanced traveler Information Systems such as Freight Advanced Traveler Information Systems (FRATIS).

13. Eligible Components

Trade Corridor Enhancement Program funds may be used for any component of a project, however, [capital costs will only be programmed if a Notice of Determination \(NOD\) is filed, in accordance with the California Environmental Quality Act, within six months of program adoption. If the NOD is not filed within six months, the project will be deleted from the program.](#)

Pursuant to federal statute, the Commission may not program more than 10 percent of the total federal yearly apportionment amount for freight intermodal or freight rail projects, which include the following:

- Projects within the boundaries of public or private freight rail or water facilities (including ports).
- Projects that provide surface transportation infrastructure necessary to facilitate direct intermodal interchange, transfer, and access into or out of the facility.

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.

Nominations will be screened for the following:

- Project must be included in an adopted regional transportation plan and if applicable, consistent with a Sustainable Communities Strategy determined by the State Air Resources Board to achieve the region's greenhouse gas emissions reduction targets.
- Project must demonstrate a 30% funding match as outlined in Section 8 of these guidelines.
- Project must be one of the types of projects listed in Section 12 of these guidelines.

- Project must not have the purpose or intent to increase the state's overall capacity to facilitate the transportation of coal in bulk, pursuant to Government Code Section 14525.3. In evaluating each new terminal project, if related environmental documents are not yet complete, the Commission shall base their review on written confirmation from the project applicant.
- Project must meet the objectives of the Trade Corridor Enhancement Program.
- Project contributes to corridor or air basin emission reduction of greenhouse gases, diesel particulates (PM 10 and PM 2.5), carbon monoxide, nitrogen oxides, and other pollutants.
- Project demonstrates that negative environmental/community impacts will be avoided or mitigated.
- Project will stimulate economic activity, enhance trade value, and preserve/create jobs.

15. Project Rating Process

All project nominations that meet the screening criteria will be selected through a competitive process by evaluating the applications for compliance with the objectives of the program and rating them based on the evaluation criteria with a "High", "Medium", or "Low" score. The Commission may group projects for the purposes of comparing the ratings of like applications or for purposes of comparing projects within a region.

The highest ranking applications that meet the program objectives will be selected for funding while also taking into account the programming targets as specified in Section 6. The Commission will prioritize projects jointly nominated and jointly funded by Caltrans and local agencies, and construction ready projects in the 2017-18, 2018-19 and 2019-20 fiscal years. Caltrans' commitment of State Transportation Improvement Program funds or State Highway Operation and Protection Program funds will be considered joint funding.

To maximize the effectiveness of program funds, the Commission's intent is to fund a small number of projects which provide for the greatest benefits and may elect to only evaluate the highest priority application(s) submitted by each applicant.

The Commission may collaborate with the following state agencies when evaluating project nominations: The Air Resources Board to review the air quality benefits and Caltrans to review the Cal B/C results.

16. Evaluation Criteria

Evaluation criteria are outcome oriented and customizable to each corridor. Evaluation criteria are grouped into three categories.

Where a project is proposed to improve private infrastructure, the Commission's evaluation will examine the public/private benefit assessment of the project.

Nominations will be evaluated on the following:

- Freight System Factors

- Throughput – Project provides for increased volume of freight traffic through capacity expansion or operational efficiency.
- Velocity – Project increases the speed of freight traffic moving through the distribution system.
- Reliability - Project reduces the variability and unpredictability of travel time.
- Transportation System Factors
 - Safety - Project increases the safety of the public, industry workers, and traffic.
 - Congestion Reduction/Mitigation - Project reduces daily hours of delay on the system and improves access to freight facilities.
 - Key Transportation Bottleneck Relief - Project relieves key freight system bottlenecks where forecasts of freight traffic growth rates indicate infrastructure or system needs are inadequate to meet demand.
 - Multi-Modal Strategy - Project employs or supports multi-modal strategies to increase port and transportation system throughput while reducing truck vehicle miles/hour traveled (VMT/VHT) or truck idling times.
 - Interregional Benefits - Project links regions/corridors to serve statewide or national trade corridor needs.
 - Advanced Technology – Project employs advanced and innovative technology, such as Intelligent Transportation Systems (ITS), or includes supporting infrastructure for deployment of current and future technologies, such as zero and near-zero emission equipment or vehicles or ITS elements.
- Community Impact Factors
 - Air Quality Impact - Project reduces local and regional emissions of diesel particulate (PM 10 and PM 2.5), carbon monoxide, nitrogen oxides, greenhouse gases, and other pollutants.
 - Community Impact Mitigation - Project reduces negative impacts on communities (noise, localized congestions, safety, public health, etc.).
 - Economic/Jobs Growth – Project stimulates local economic activity, enhances trade value, and preserves/creates jobs.

The Commission will also consider the following factors when evaluating projects:

- The overall need, benefits and cost, of the project in the context of its contribution to advancing the California Freight Mobility Plan, the California Sustainable Freight Action Plan, and if applicable, an adopted regional freight plan. Projects submitted by Caltrans should also include a description of how the project contributes to advancing the Interregional Transportation Strategic Plan.
- Project readiness and reasonableness of the schedule for project implementation, including the following:
 - Progress towards achieving environmental protection requirements.
 - The comprehensiveness and sufficiency of agreements with key partners (particularly infrastructure owning railroads) that will be involved in implementing the project.

- The leveraging and coordination of funding from other private, federal, state, local or regional sources, with consideration of those sources that are discretionary compared to those that are nondiscretionary.
- The commitment of multiple partners in the delivery of the project, as evidenced by joint nomination and/or joint funding of a project.

To maximize the effectiveness of program funds, the Commission's intent is to fund a small number of projects which provide for the greatest benefits and may elect to only evaluate the highest priority application(s) submitted by each applicant.

The Commission may collaborate with the following state agencies when evaluating project nominations: The Air Resources Board to review the air quality benefits and Caltrans to review the Cal B/C results.

17. Project Nominations

Project nominations and supporting documentation must be submitted to the Commission by January 30, 2018. Nominations will be treated in accordance with California Public Records Act requirements and information, subject to those requirements, may be publicly disclosed.

The Metropolitan Planning Organizations will be responsible for compiling project nominations from their respective agencies to the Commission. Project nominations coming from Imperial County will be considered as part of the San Diego/Border programming target, but the project nominations from Imperial County will be compiled and submitted through the Southern California Association of Governments as its Metropolitan Planning Organization. All other project nominations will be submitted directly to the Commission.

Each Metropolitan Planning Organization will submit a cover letter signed by the respective Executive Director. The submittal will include a full list of all nominations received and confirm consistency with an adopted Regional Transportation Plan and if applicable, its Sustainable Communities Strategies and adopted regional freight plan

The application must clearly identify ineligible elements of a project and certify (or confirm) that those ineligible elements will not be funded with Trade Corridor Enhancement Program funds or be considered as match.

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.

Each project application submittal must include two 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 25 pages (excluding the Project Programming Request form) and must include:

- A. A cover letter, with signature authorizing and approving the application. Where the project is to be implemented by an agency other than the nominator, documentation of the agreement between the project nominator and implementing agency must be submitted with the application. Jointly nominated projects must include the signatures of each agency nominating the project.
- B. A confirmation that any new terminal project will not have significant environmental impacts, as described in related environmental documents as a result of the storage, handling, or transport of coal in bulk pursuant to Government Code Section 14525.3. In evaluating each new terminal, if related environmental documents are not yet complete, the Commission shall base their review on written confirmation from the project applicant.
- C. 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.
- D. 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, including before pictures.
 - ii. Project priority (if agency is submitting multiple applications)
 - iii. Project background and a purpose and need statement.
 - iv. A concise description of the project scope and anticipated benefits (outcomes and outputs) proposed for funding.
 - v. A description on how the project furthers the goals of the California Freight Mobility Plan and the guiding principles of the California Sustainable Freight Action Plan.
 - vi. A description of how local residents and community-based organizations were engaged in developing the project.
 - vii. A description of how the final project will address community-identified needs along with a description and quantification of the benefits the project will provide for disadvantaged communities and low-income areas.
 - [A map \(or maps\) of the project location denoting the project site and identifying impacted communities that meet either of the following criteria:](#)
[Disadvantaged Communities - an area identified as among the most disadvantaged 25% in the state according to the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code.](#)
[Low-income Communities - an area with median household income at or below 80 percent of the statewide median or with median household](#)

[incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093 of the Health and Safety Code.](#)

[The map for Disadvantage and Low-income Communities can be found at: https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm](https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm)

- viii. [A description and map \(or maps\) of how the final project will address community-identified needs along with a description and quantification of the benefits the project will provide for other communities not falling under the above definitions.](#)
- ix. 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 21 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 office of the implementing agency.
- x. When proposing to fund only preconstruction project components, the applicant must demonstrate the means by which it intends to fund the construction of a useable segment, consistent with the Regional Transportation Plan or the Interregional Transportation Strategic Plan for projects implemented by Caltrans.
- xi. A description that demonstrates the ability to absorb any cost overruns and deliver the proposed project with no additional funding from this program, except as noted in Section 9 of these guidelines.
- xii. 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.
- xiii. A description of the transportation corridor and the function of the proposed project within the corridor.
- xiv. A description of the projected quantification and qualitative measures of the proposed improvements as described in the Evaluation Criteria in Section 16.
- xv. A description and quantification of the local and corridor 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, 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 15, 2017 by Caltrans 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 provide the analysis based on the alternate model in addition to one of the tools identified above.
- xvi. A description of how the project furthers the goals, performance measures, and targets of the region's Regional Transportation Plan, and if applicable, it's associated Sustainable Communities Strategy and freight plan.

- xvii. A description of the corridor plan or other coordinated management strategy being implemented by the nominator and other jurisdictions within the corridor to preserve corridor mobility.
 - xviii. A description of how the project uses advanced, clean, or innovated technologies to support the freight transportation system. Also include a description of any associated supporting infrastructure that is included in the project.
 - xix. Each applicant 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 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 provide the analysis based on the alternate model.
 - xx. Where investment of Trade Corridor Enhancement Program funding is proposed to improve private infrastructure, this documentation should include an assessment of public and private benefits to show that the share of public benefit is commensurate with the share of public funding.
- E. Documentation for rail investments should acknowledge and describe how the private railroads, regional agencies and appropriate state agencies will come to agreement on public and private investment levels and resulting benefits.
- F. Each application must include a Project Programming Request (PPR) Form. Each PPR Form must list federal, state, local, and private funding categories by project component and fiscal year. If the project is a scope addition to a project with a prior Project PPR Form, the prior PPR Form should be included.

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 PPR 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.](#)

Programming

18. Programming Capacity

The Trade Corridor Enhancement Program will be developed consistent with the estimated annual amount of funds available based on 50% of the revenues generated by the diesel fuel excise tax imposed by SB 1 and the obligation authority limits on the National Highway Freight Program. A three year fund estimate is provided in Appendix B.

19. Program of Projects

The program of projects for each fiscal year will include, for each project, the amount to be funded from the Trade Corridor Enhancement Program, and the estimated total cost of the project. Project costs in the Trade Corridor Enhancement 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.

20. Contingency List

The Commission [may identify a contingency list of projects to be amended into the program in the event a programmed project has returned award savings or is deleted from the program. This contingency list will be in effect only until the adoption of the next programming cycle.](#)

21. 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 Trade Corridor Enhancement Program funds and other committed funds and uncommitted funds.

Uncommitted funds may only be from the following competitive programs: Active Transportation Program, Solutions for Congested Corridors Program, Local Partnership Program, Transit and Intercity Rail Capital Program, or 2017 and 2018 INFRA Grant. 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.

Projects programmed by the Commission in the Trade Corridor Enhancement 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

22. Project Review Committee

Commission staff may form a Project Review Committee to assist Commission staff in evaluating amendments on an as needed basis. The Project Review Committee will include representatives from Caltrans and various other transportation stakeholders.

23. Amendment Requests

Project amendments will be considered for the Trade Corridor Enhancement Program as follows:

- **Scope Changes** – The Commission may consider changes to the scope of the project only if 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 Trade Corridor Enhancement Program will not participate in any cost increases to the project, except as allowed under Section 9 for Caltrans nominated projects. Any cost increases should be funded from other fund sources. If there is a change in the cost estimate, the implementing agency must notify Caltrans as described below.
- **Schedule Changes** – Schedule changes to a project will not be considered unless a time extension was approved as specified in Section 26. For projects programmed in the last year of the Trade Corridor Enhancement Program, the implementing agency may request to reprogram the project only once with justification. The Commission may approve the request only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the change.

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 may also request that the Project Review Committee review and make a recommendation on amendment requests.

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.

Allocations

24. 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, after receipt of the request, to complete Caltrans review, and recommendation and 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 Trade Corridor Enhancement 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 Trade Corridor Enhancement Program.

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

25. Letter of No Prejudice

The Commission will consider approval of a Letter of No Prejudice (LONP) to advance a project programmed in the Trade Corridor Enhancement 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.

26. Timely Use of Funds

Trade Corridor Enhancement Program allocations must be requested in the fiscal year of project programming, and construction allocations are valid for award for six months from the date of allocation unless the Commission approves an extension.

The Commission may extend the deadline only once for allocation 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 the period of delay directly attributed to the extraordinary circumstance and cannot 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 the 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 the period of delay directly attributed to the extraordinary circumstance and cannot 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.

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.

Projects must commence right-of-way acquisition or actual construction within 10 years of receiving pre-construction funding through the Trade Corridor Enhancement Program, or the implementing agency must repay the Trade Corridor Enhancement Program funds. Repaid funds will be made available for redistribution in the subsequent programming cycle.

27. Delivery Deadline Extensions

The Commission may extend a delivery deadline, as described in Section 27, 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 prior to the expiration date. 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.

28. 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.

29. 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.

30. 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 Trade Corridor Enhancement 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.
- A summary describing any changes to the scope, cost, schedule, and benefits of the project.

For new terminal projects, project applicants will annually notify Caltrans that the project is not being used to handle, store, or transport coal in bulk. This notification will be provided in the second semi-annual report Caltrans is responsible for compiling.

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 to be included 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.
- Project 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.

The National Highway Freight Program funds administered under the Trade Corridor Enhancement Program will be subject to the National Performance Management Measures for assessing Performance of Freight Movement. Caltrans' Engagement Plan for this effort can be found at http://www.dot.ca.gov/hq/transprog/map21/map21_implementation.htm.

31. Project Tracking Database

Caltrans is responsible for developing, upgrading and maintaining an electronic database record of the adopted Trade Corridor Enhancement Program and Commission actions. The database will include project specific information, including project description, location, cost, scope, schedule, progress of the project and a map. The project information from the database will be accessible through Caltrans' website.

32. Project Auditing

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

- Project costs incurred and reimbursed are in compliance with the Commission's Trade Corridor Enhancement 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.

33. Project Signage

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.

Appendix A – Goals and Guiding Principles

National Highway Freight Program Goals	California Freight Mobility Plan Goals	California Sustainable Freight Action Plan Guiding Principles
<i>Invest in infrastructure and operational improvements that strengthen economic competitiveness, reduce congestion, reduce cost of freight transportation, improve reliability, and increase productivity.</i>	<i>Improve the contribution of the California freight transportation system to economic efficiency, productivity, and competitiveness.</i>	<i>Support local and regional efforts to improve trade facilities and corridors that achieve regional environmental, public health, transportation, and economic objectives consistent with statewide policy goals.</i>
<i>Improve safety, security, efficiency and resiliency of freight transportation in rural and urban areas.</i>	<i>Improve the safety, security, and resilience of the freight transportation system.</i>	<i>Improve the state-of-good-repair of the multi-modal freight transportation system.</i>
<i>Improve the state of good repair of the National Highway Freight Network.</i>	<i>Improve the state of good repair of the freight transportation system.</i>	<i>Grow the number of well-paying employment opportunities in the freight sector.</i>
<i>Use innovation and advanced technology to improve National Highway Freight Network safety, efficiency and reliability.</i>	<i>Use innovative technology and practices to operate, maintain, and optimize the efficiency of the freight transportation system while reducing its environmental and community impacts.</i>	<i>Apply innovative and green technology, along with accompanying infrastructure and applicable practices, to optimize the efficiency of the freight transportation system.</i>
<i>Improve the efficiency and productivity of the National Highway Freight Network.</i>	<i>Reduce costs to users by minimizing congestion on the freight transportation system.</i>	<i>Grow the economic competitiveness of California’s freight sector.</i>
<i>Reduce environmental impacts of freight movement on the National Highway Freight Network.</i>	<i>Environmental Stewardship – Avoid and reduce adverse environmental and community impacts of the freight transportation system.</i>	<i>Reduce or eliminate health, safety, and quality of life impacts on communities that are disproportionately affected by operations at major freight corridors and facilities. This includes reducing toxic hot spots from freight sources and facilities, and ensuring continued net reductions in regional freight pollution.</i>

National Highway Freight Program Goals	California Freight Mobility Plan Goals	California Sustainable Freight Action Plan Guiding Principles
<i>Improve State flexibility to support multi-State corridor planning and address highway freight connectivity.</i>		<i>Invest strategically to improve travel time reliability and to achieve sustainable congestion reduction on key bottlenecks on primary trade corridors.</i>
		<i>Invest strategically to accelerate the transition to zero and near-zero emission equipment powered by renewable energy sources, including supportive infrastructure.</i>
		<i>Reduce freight-related deaths and injuries, and security threats.</i>
		<i>Improve system resilience by addressing infrastructure vulnerabilities associated with expected climate change impacts and natural disasters, which may include exploring opportunities to utilize natural systems to improve water quality, reduce ecosystem damage, prevent flooding, and create a cooling effect.</i>
		<i>Site freight projects to avoid greenfield development by enhancing existing freight infrastructure or targeting infill development near compatible land uses.</i>

Appendix B – Fund Estimate

TRADE CORRIDOR ENHANCEMENT PROGRAM (TCEP)				
FUND ESTIMATE				
(\$ millions)				
	2017-18	2018-19	2019-20	3-Year Total
RESOURCES				
STATE RESOURCES				
Trade Corridor Enhancement Account ¹	\$200	\$298	\$296	\$794
State Resources Subtotal	\$200	\$298	\$296	\$794
FEDERAL RESOURCES				
National Highway Freight Program ^{2,3}	\$293	\$115	\$127	\$535
Federal Resources Subtotal	\$293	\$115	\$127	\$535
LOAN REPAYMENTS				
Loan Repayment per Assembly Bill 133 ⁴	\$11	\$0	\$0	\$11
Loan Repayments Subtotal	\$11	\$0	\$0	\$11
TOTAL RESOURCES AVAILABLE	\$505	\$413	\$423	\$1,341
Note: Individual numbers may not add to total due to independent rounding.				
¹ Amounts provided by the Department of Finance.				
² Final dollar amounts may vary based on actual apportionment and obligational authority by the Federal Highway Administration or any changes in Federal guidance. Federal Resource dollars are representative of obligation authority and are an estimated percentage of California apportionments under the Fixing America's Surface Transportation (FAST) Act including reductions for post-apportionment set-asides, penalties, and sequestration.				
³ Federal Resources for 2017-18 also include unallocated National Highway Freight Federal Fiscal Year (FFY) 2015-16 and 2016-17.				
⁴ The loan repayment reflects a one-time transfer from the General Fund for trade corridors per Assembly Bill 133 (Chapter 2, Statutes of 2016). Repayment occurred December 2016, and is available 2017-18.				