2018
ANNUAL REPORT TO THE
CALIFORNIA LEGISLATURE
Recommendations and Accomplishments
CALIFORNIA TRANSPORTATION COMMISSION
The California Transportation Commission is an independent state commission responsible for programming and allocating funds for the construction of highway, passenger rail, aeronautics, transit, and active transportation improvements throughout California. The Commission also advises and assists the California State Transportation Agency Secretary and the Legislature in formulating and evaluating state policies and plans for California’s transportation programs. The Commission is an active participant in the initiation and development of state and federal legislation to secure financial stability for the state’s transportation needs.
CHAIR AND VICE CHAIR LETTER

Members of the Legislature:

We are pleased to present the California Transportation Commission’s (Commission) 2018 Annual Report to the Legislature. This report summarizes the Commission’s accomplishments in the past year and offers specific recommendations for the Legislature to consider for purposes of improving California’s transportation program. As is reflected in the report, the Commission’s overall focus this year was to accelerate efforts to put to work the increased transportation investments and accountability measures made possible by Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017), also known as the Road Repair and Accountability Act of 2017.

We have just finished one of the most challenging and productive years in the history of the Commission. In 2018, the Commission, working closely with its partners, dedicated more than $25 billion in state and federal funding to transportation projects that will improve safety, mobility, environmental sustainability, economic vitality, and the quality of life in California. This included over $9 billion in funding made possible by SB 1. By placing a high priority on a state of good repair, the Commission funded critical rehabilitation, preservation, and safety projects to improve roads, bridges, transit systems, ports, railroads, and active transportation access across California. These projects, which benefit every city and county in California, will improve trade corridors; reduce congestion in the most heavily used corridors of the state; provide safe routes to schools; improve and expand transit; reduce greenhouse gas emissions and community impacts; and more.

During the past year our state also weathered significant and deadly natural disasters ranging from devastating wildfires to flooding and landslides. We commend the efforts of our partners in transportation to swiftly mobilize and respond, working tirelessly to restore the safety and functionality of our transportation system. The value of safe, reliable, and resilient transportation infrastructure to our state and its residents has never been clearer and we are honored to work with federal, state, and local partners to fund critical re-investment activities.

The Commission recognizes the importance of the reforms contained in SB 1, as well as the responsibility for increased oversight assigned to the Commission. In addition to increasing our investment in transportation, SB 1 reformed the way we provide transportation benefits. For example, SB 1 built upon existing law requiring Caltrans to work with the Commission to prepare a “robust” Transportation Asset Management Plan to inform and guide the project selection process for the State Highway Operation and Protection Program (SHOPP). Caltrans is required to report annually to the Commission on its progress in achieving performance targets identified in the Transportation Asset Management Plan. SB 1 includes new, 10-year performance targets for the state highway system. These targets represent promises to Californians that, in return for increased investments, improvements will be made to expand mobility for all, enhance trade, protect the environment, and improve our quality of life, among other benefits. It is incumbent on all of us, including the Commission, the Department of Transportation and the Legislature, to keep this promise. As part of our pledge to honor the trust you have put in this body, the Commission has adopted and is already exercising strong accountability measures and oversight to ensure that funds are appropriately and efficiently spent and accounted for. In addition, the Commission recently received the Inspector General’s first report to the Legislature, and we stand ready to work with you to help implement recommendations identified to improve efficiency, accountability, and transparency in the delivery of California’s transportation programs.

Throughout 2018, the Commission continued to place a high priority on hosting open and transparent public forums for all stakeholders to engage in the development of effective
statewide transportation policies. Commission workshops and forums are inclusive and interactive, and feature an iterative process to develop consensus-based policies and share best practices. In addition to Commission meetings, the Commission held rural town hall meetings across the state, statewide and regional workshops, and other forums to consider and formulate policies and recommendations for improving California’s transportation program. These forums offer a continuous reminder of the differences across our vast state. The Commission continues to embrace the challenge of developing transportation funding policies that acknowledge our diversity and that promote approaches to addressing transportation needs that are inherently context-specific.

In the spirit of collaboration, during the past year the Commission continued to work with other state agencies to discuss energy, economics, public health, housing, land use, environmental justice, climate change, and other policy areas that are inextricably linked to transportation. In particular, the Commission acknowledges the substantial impacts of our state’s housing crisis on the transportation system, as lack of affordable housing drives residents farther from job centers.

The Commission and the California Air Resources Board (CARB) held their first joint public meetings in 2018 to promote the achievement of California’s transportation and air quality goals and objectives. The Commission looks forward to continuing to work with our state and regional partners to develop programs and policies that support the implementation of regional Sustainable Communities Strategies to promote greenhouse gas emission reductions, combat climate change, and improve livability.

Additionally, Commission staff held meetings with environmental justice stakeholders throughout the state to inform the Commission’s programming responsibilities, to discuss ways to improve transparency, and to identify opportunities for feedback in the transportation planning process. In August, the Commission hosted a Tri-State Commission meeting in San Francisco with the Oregon and Washington Transportation Commissions to explore, consider, and collaborate on actions necessary to manage the potential impacts of changing transportation technologies.

Addressing the need to move people and freight, meet environmental and livability goals, and expand California’s economy in a sustainable manner through wise transportation planning and investments is of great importance. The Commission had a productive year in 2018 but our work is not finished. As we move forward to deliver projects funded by SB 1, the hard work begins to ensure that SB 1 delivers as promised. The Commission looks forward to working with the Legislature, the Department of Transportation, and stakeholders to evaluate the effectiveness of programs within its purview for continuous improvement.

This report contains a series of recommendations for your consideration. As you will see, the recommendations reflect the Commission’s commitment to promoting accountability and transparency in the delivery of California’s transportation programs while encouraging greater governmental coordination as we collectively work to understand how technology and innovation will shape the future of our built environment.

Sincerely,

FRAN INMAN
Chair

JAMES EARP
Vice Chair
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COMMISSION IN BRIEF

The California Transportation Commission (Commission) is responsible for programming and allocating state and federal transportation funds used in the construction of highway, intercity passenger rail, active transportation, transit, and aeronautic improvements throughout California. The Commission consists of 11 voting members and two ex officio, non-voting members. Of the 11 voting members, nine are appointed by the Governor, one is appointed by the Senate Rules Committee, and one is appointed by the Speaker of the Assembly. The two ex officio, non-voting members are appointed from the State Senate and Assembly, usually the respective chairs of the transportation policy committee in each house. The Commission holds public meetings throughout California, at which time it formally reviews, approves and/or adopts state transportation policy.

The Commission is primarily responsible for the following activities:

- Advise and assist the Legislature and the California State Transportation Agency in the formulation and evaluation of state policies and plans for California’s transportation programs.
- Oversee transportation funding programs under the Commission’s purview. This includes developing guidelines, adopting programs of projects, allocating funds, monitoring project delivery, and reporting to the Legislature on programs including, but not limited to, the following:
- Active Transportation Program
- Aeronautics Program
- Local Partnership Program
- Solutions for Congested Corridors Program
- State Transportation Improvement Program
- State Highway Operation and Protection Program
- Trade Corridor Enhancement Program

• Adopt the biennial Fund Estimate of state and federal funds expected to be available for the State Transportation Improvement Program and the State Highway Operation and Protection Program, and fund estimates for the Trade Corridor Enhancement Program, Active Transportation Program and Aeronautics Account.

• Recommend performance measures and targets, including annual benchmarks, to guide the selection of projects for the State Highway Operation and Protection Program, and approve the Transportation Asset Management Plan prepared by the California Department of Transportation (Caltrans).

• Evaluate the effectiveness of Caltrans in reducing deferred maintenance and improving road conditions on the state highway system, as demonstrated by the progress made in achieving the targets adopted by the Commission. The Commission may make recommendations for improvement, and may withhold future project allocations if it determines that program funds are not being appropriately spent.

• Review and comment on the 10-year State Highway Operation and Protection Program Plan and the five-year Maintenance Plan prepared by Caltrans.

• Develop guidelines, determine eligibility, and report on the funding received by city and county governments from the Road Maintenance and Rehabilitation Account.

• Continue implementing voter-approved, one-time programs, including:
  » Proposition 1A (Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, passed in 2008)
  » Proposition 1B (Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006)
  » Proposition 116 (Clean Air and Transportation Improvement Act of 1990)

• Allocate state funds for programs in which the Commission does not select projects:
  » Environmental Enhancement and Mitigation Program Fund
  » Transit and Intercity Rail Capital Program

• Adopt guidelines for the California Transportation Plan and Regional Transportation Plans.

• Approve project proposals for high-occupancy toll lanes or other toll facilities.

• Approve right-of-way matters such as route adoptions, new public road connections, resolutions of necessity, relinquishments, Director’s Deeds, and airspace leases.
• Administer the Road Charge Technical Advisory Committee, which informs the California State Transportation Agency and the Commission about road charge-related issues.

• Engage with local and statewide stakeholders and partners on transportation policy, including those in the private, public, and nonprofit sectors, the business community, environmental interest groups, public health advocates, and social-equity organizations.

• Hold at least two joint meetings with the California Air Resources Board per calendar year to coordinate implementation of transportation policies, including interagency efforts for implementation of the Sustainable Freight Action Plan, development of California Transportation Plan updates, and the setting of greenhouse gas emission reduction targets for metropolitan planning organizations.

• Participate in the development of streamlined project permitting processes through the Transportation Permitting Taskforce established by Assembly Bill (AB) 1282 (Mullin, Chapter 643, Statutes of 2017), which seeks to reduce expenditure of time and agency resources and to achieve better environmental and transportation outcomes.

The Commission is supported by an Executive Director who oversees a staff of 24 and an annual budget of approximately $5.4 million. The Executive Director acts as a liaison between the Commission and the Legislature, as well as the Transportation Agency Secretary, the Caltrans Director, regional transportation agencies, and other state agencies. The Executive Director also serves as a member of the Toll Bridge Program Oversight Committee and the California Transportation Financing Authority.

The Commission is required by law to adopt and submit to the Legislature, by December 15 of each year, an annual report summarizing the Commission’s prior-year decisions in allocating transportation capital outlay appropriations and identifying timely and relevant transportation issues facing California. The Legislature requires the report to include an explanation and summary of major policies and decisions adopted by the Commission during the previously completed state and federal fiscal year, with an explanation of any changes in policy associated with the performance of its duties and responsibilities during the past year. In addition, the Commission is required to report any findings with respect to its evaluation of the effectiveness of Caltrans in reducing deferred maintenance and improving road conditions on the state highway system. The annual report also may include a discussion of any significant upcoming transportation issues anticipated to be of concern to the public and the Legislature which, by law, should include specific, action-oriented, and pragmatic recommendations for legislation to improve the transportation system.
COMMISSION COMMITMENT TO EVALUATING SB 1 PROGRAM PERFORMANCE

The future of California's economy and quality of life depends upon a transportation system that provides safe, dependable, sustainable, and efficient travel for people and goods. Our ability to maintain and modernize the system to meet growing demands is dependent upon adequate, reliable funding to invest in transportation improvements that help maintain a state of good repair and address expansion needs. Landmark action that the Legislature and the Governor have taken through the enactment of Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017) has put California on a trajectory to make significant progress in achieving a world-class transportation system. SB 1 will achieve this by allocating essential funding for repair of local roads and state highways, goods movement, transit and intercity rail, and active transportation, as well as alleviating congestion through multimodal solutions in critical corridors throughout the state. SB 1 also established key accountability measures to increase and improve oversight and transparency in the funding and delivery of transportation investments in California.
This year, the Commission continued its accelerated efforts to put to work the increased transportation funding made possible through the enactment of SB 1. The Commission worked diligently with its partners to program a record $25 billion in transportation investments across seven programs.

In addition to increasing our investment in transportation, SB 1 also reformed the way we provide transportation benefits in California. SB 1 included new, 10-year performance targets for the state highway system requiring the following:

- Not less than 98% of pavement in the state highway system be in good or fair condition;
- Not less than 90% level of service achieved for maintenance of potholes, spalls, and cracks;
- Not less than 90% of culverts in good or fair condition;
- Not less than 90% of the transportation management system units in good condition; and
- Fix not less than an additional 500 bridges.

These performance targets represent promises to Californians that, in return for increased investments, we will deliver improvements that enhance trade, protect the environment, and improve our quality of life.

During the past year, in response to the requirements of SB 1, the Commission initiated a transparent and thorough process to:

- Approve Caltrans’ Transportation Asset Management Plan
- Adopt annual performance benchmarks for the SB 1 state highway performance targets and accountability provisions to achieve these targets
- Adopt performance targets for nine additional asset classifications on the state highway system
- Adopt multi-year transportation investments for the following programs:
  - The Active Transportation Program
  - The Local Partnership Program
  - The Solutions for Congested Corridors Program
  - The State Highway Operation and Protection Program
  - The State Transportation Improvement Program
  - The Trade Corridor Enhancement Program

These actions will deliver critically needed multi-modal transportation investments throughout California. Investments include but are not limited to fixing potholes and improving safety on local streets and roads as well as investments in transit systems, making it easier and safer for us to get to work, to school, and to recreational activities. The investments also improve congestion and efficient delivery of goods to all parts of the state. Taxpayers are already driving, cycling, and walking on safer, repaired highways and local streets and roads. Other improvements such as transformative transit and complex multi-modal projects are much larger and will take longer to construct. When projects are complete, drivers, pedestrians, cyclists, and transit riders will benefit from improved air quality, safety, and community access to key destinations, for years to come.
While 2018 was a demanding year for the Commission, our work has just begun. During the coming year, as we move forward to deliver projects funded by the first cycle of SB 1, we begin the process of working together to ensure that these programs deliver what was promised. The Commission is committed to continually improving the programs under its purview. As a matter of practice, all program guidance and processes are evaluated and updated for improvement at regular intervals.

The Commission fully recognizes that now is the time to begin the evaluation process for our SB 1 programs. The Commission’s existing practices, combined with SB 1 requirements, provide the tools we need to start this evaluation. For example, the historic practice of project accountability reporting, coupled with new, specific performance targets identified for the state highway system, form the basis for monitoring achievement of these legislatively identified performance targets. To build on this foundation, the Commission will explore how the existing project accountability reporting process can be optimized to measure and convey project outcomes, as well as how a data-driven process like that of the State Highway Operation and Protection Program can be developed for other SB 1-funded programs.

In order to continue to improve the SB 1 programs under its purview, the Commission intends to conduct the following activities to evaluate the effectiveness and performance of the programs:

1. Hold workshops, in consultation and collaboration with the Legislature, the Administration, and stakeholders throughout the state, as an open, iterative, and interactive forum to discuss the long-term legislative objectives of these programs, determine how we define success in meeting these objectives, and identify how we capture the outcomes of SB 1-funded projects in a way that clearly conveys the benefits of these projects and programs to the public.

2. Evaluate program guidance and processes to ensure that programs are operated in an effective and efficient manner that meets legislative objectives. The purpose of this evaluation will be to ask ourselves, our partners and stakeholders, “did we get it right?” and “can we do better?” in terms of providing clear guidance and effective program development processes. These evaluations will be conducted with significant partner agency and stakeholder involvement as part of the second cycle of SB 1 funding program development.

The Commission is committed to an ongoing, collaborative process to identify administrative and legislative recommendations for SB 1 program improvement that will be communicated to the Legislature in future Annual Reports. Therefore, the Commission looks forward to working in partnership with the Legislature, and other partners and stakeholders to honestly and thoughtfully evaluate our work to date in implementing SB 1 programs. Through this process we hope to identify areas of success, challenges, and most importantly, improvement.
Since the Commission’s inception in 1978, it has been statutorily charged with advising and assisting the Legislature and the Administration in formulating and evaluating state transportation policies and plans. To that end, the Commission submits an Annual Report to the Legislature discussing major transportation issues and making recommendations for the Legislature’s consideration by December 15 each year.

The enactment of Senate Bill (SB) 1 helps address the state’s most critical transportation needs and generates essential revenue needed to begin modernizing the transportation system in preparation for the future. However, additional challenges remain for the Legislature and the Administration to resolve in ways that would assist the state in achieving sustainable and efficient mobility. The following are recommendations for legislative consideration.

Legislative Recommendations

In 2015, the Legislature passed, and the Governor signed into law, SB 64 (Liu, Chapter 711, Statutes of 2015), which requires the Commission to include in its Annual Report “specific, action-oriented, and pragmatic recommendations for legislation to improve the transportation system.” To implement this requirement, the Commission has made a number of specific recommendations for statutory and administrative reforms in recent Annual Reports.
Many of the Commission’s past recommendations have been enacted, leading to increased funding for transportation and improved project delivery and accountability. The Commission’s recommendations are intended to assist the state in its pursuit of goals relating to transportation, including, but not limited to, reducing greenhouse gas emissions and addressing impacts to under-represented communities. Pursuant to SB 64, the Commission’s recommendations are also informed by the 2040 California Transportation Plan prepared by Caltrans and adopted by the Administration.

This year’s legislative recommendations are divided into two categories. First, the Commission focuses on preparing for the implementation of transformative transportation technologies and – after consultation with technical experts, partner agencies, and other stakeholders – recommending how the state can “gear up” to plan for and accommodate new technologies and their impacts on the transportation system. Second, developed through continued dialogue with partner agencies and transportation stakeholders, important legacy recommendations are included from previous Annual Reports that have yet to be enacted but are still relevant to the state’s transportation needs. To improve transportation in California, the Commission believes that the Legislature should enact legislation to implement these recommendations.

Preparing for Transformative Changes in Transportation

As transportation providers plan, fund, and deliver multi-modal system investments, we must recognize that we are on the cusp of momentous changes in how transportation services are provided. The 2018 Annual Report to the Legislature focuses on policy recommendations to prepare the transportation system for transformative technologies that center on the concept of shared, autonomous, and electric transportation options.

This impending transformation means significant changes are needed to the infrastructure that supports transportation services. It is imperative to position California to proactively address impending and transformative technologies, to adequately support their development and deployment, and to ensure an integrated and flexible regulatory setting.

The regulatory framework surrounding transportation technology must promote integration and flexibility. This type of regulatory environment is important in ensuring that our future is one of improved mobility, economy, equity, and environmental quality rather than deteriorating roads, worsening congestion, and greater inequity in the transportation options available to our state’s most disadvantaged residents.

Over the past year, the Commission heard from technical and business experts, researchers, and academic institutions, as well as representatives from partner state agencies, on the policy implications of new transportation technologies. The Commission also held a joint meeting with the Oregon and Washington State Transportation Commissions focused on key issues in the changing landscape of transportation, such as road-usage charges, autonomous vehicles, and other innovations.
Through learning from key stakeholders and understanding the need to prepare for California’s transformative transportation future, the Commission has identified policy recommendations in the following areas:

- Improving Transparency and Communication
- Planning and Delivering Transportation Services

**Improving Transparency and Communication**

Transparency and inclusiveness in the development of statewide transportation policies and regulations are critically important in building public trust now and into the future. This is especially important as the state prepares for the deployment of transformative transportation technologies and continues its pursuit of ambitious climate change goals. Additionally, communication is critical among the government agencies responsible for creating policies that will shape the planning, development, and deployment of transportation technologies as well as the planning and delivery of improvements to the infrastructure that will support these new technologies. Of equal importance is ensuring that the right universe of stakeholders is present in statewide transportation technology policy discussions – including all state agencies with a role (present or future) in the deployment or regulation of technologies, regional and local governments, private sector representatives, and organizations that represent environmental, social equity, and other interests.

The Commission has identified two opportunities for the Legislature to take action to improve transparency and communication in the state-level policy discussions involving transportation technology and climate change.

**Recommendations**

1. **Provide a public forum, in coordination with the Commission, to transparently share transportation research with transportation stakeholders and the public, and create a data “clearing house” incorporating research and information from participating institutions.**

   From the advent of autonomous vehicles, to the possibility of drone-delivery services, to the widespread use of transportation network companies, it is important, now more than ever, to proactively address transformative technologies and their potential effects on the transportation system.

   California has been in the forefront of encouraging innovation within the transportation sector. Recently, the Commission visited the GoMentum Station in Concord, California, and saw firsthand how the nation’s largest secure testing facility for autonomous and connected vehicle technology is accelerating this technology through collaborative partnerships among communications and technology companies, researchers, and academia, as well as public agencies and other partners.

   In order to understand the potential implications to the safety, operations, and usage of our transportation system, agencies must synthesize the vast amount of data available on emerging technologies. This is one of many challenges governmental agencies face as they work to shift their policies to address changes associated with technological innovations in the transportation system. The Legislature recognized the need for transportation to prepare for the shifting needs of the state through the passage of SB 1, and its investments dedicated to research. SB 1 appropriated $5 million annually to the University of California
and $2 million annually to the California State University to advance transportation research and transportation-related workforce education, training, and development. In addition to the funds provided by SB 1, other state and federal programs finance important transportation research as well.

Alongside GoMentum, the University of California Institute of Transportation Studies, the Mineta Transportation Institute at California State University, San Jose, the Safe Transportation Research and Education Center (SafeTREC) at the University of California, Berkeley, and other public institutions are leading the charge on research in the area of transformative transportation technology. The Legislature should direct these organizations to collaborate to develop a clearinghouse and information source for governmental agencies and others relative to their published transformative technology research and data. This collaboration should include annual reporting to the Commission of key results. Such research could help inform policy discussions by the Legislature and Commission as well as state, regional, and local transportation agencies. This research is of elevated importance given the potential for changes required to transportation policies and infrastructure in a rapidly evolving technology sector. Such a collaborative environment could also spur the use of intersecting data from various research projects to identify improved solutions for efficient and reliable freight movement. Comprehensive research would be beneficial, for example, to increase understanding of today’s freight flows for greater efficiency and to identify the infrastructure required to meet the demands of California’s growing population and increased utilization of e-commerce.

Partnership between academic institutions and government agencies is not a new concept, as the success of SafeTREC demonstrates. The center conducts research in the intersection of transportation and public health, assists the California Office of Traffic Safety in administering its Community Pedestrian Safety Training workshops, and supports safety initiatives by other state agencies. Transforming the data collection and research activities of these partnerships into a coordinated and accessible platform will assist state, regional, and local planning efforts as well as benefit transportation system users statewide.

The Commission, with its commitment to transparency and public engagement, is uniquely suited to coordinate and provide a forum through which research findings can be communicated to state, regional, and local government partners responsible for planning, funding, and delivering transportation projects. Therefore, to help ensure that research outcomes reach policymakers as well as implementers, the Legislature should require the University of California, California State University, and other programs that receive state and federal transportation funding to report annually to the Commission on the findings of their studies and policy recommendations.

2. **Require the California Energy Commission and the Department of Housing and Community Development to be included in the semiannual joint meetings with the California Transportation Commission and the Air Resources Board.**

AB 179 (Cervantes, Chapter 737, Statutes of 2017) requires the Commission and the Air Resources Board to meet at least twice annually to coordinate their implementation of transportation policies. During the June 2018 inaugural meeting, it was evident from Commissioner, Board Member, and public comment that key state agencies and policy areas were missing from the discussion.
Stakeholders commented that the joint meetings could address how transportation decisions are made at the local and regional level, and participants should discuss issues related to land use, transportation, and access to housing. In particular, they should confer about how the lack of housing supply and rising housing costs not only compound growing inequality and limit advancement opportunities for many Californians, but also have a significant impact on growth patterns and the demands placed on our transportation system.

Stakeholders were supportive of California’s efforts toward achieving a clean energy future, and noted the role that the California Energy Commission plays in the establishment of policies related to developing the necessary infrastructure. Beyond leading an effort to complete a statewide network of direct current (DC) fast chargers along key interregional highway corridors, the Energy Commission’s goals include promoting the development and deployment of advanced transportation technology to help the state achieve its energy security, petroleum reduction, clean air, and greenhouse gas reduction goals.

Given the clear connection between housing, transportation, and energy policy, many questions and comments at the first joint meeting centered on the interrelated issues of land use decisions, facility siting and permitting, and other areas that require input from the Department of Housing and Community Development and the Energy Commission. To provide a more complete, balanced, and informed discussion on these cross-cutting policy issues, the Commission recommends the Legislature’s inclusion of these two agencies in the meetings between the Commission and the Air Resources Board.

**Planning and Delivering Transportation Services**

The long-range transportation planning process provides a unique opportunity for state, regional, and local governments to evaluate the impact of and plan for transportation system changes necessary to accommodate the deployment of transformative technologies while meeting state and regional goals related to mobility, economy, equity, and the environment.

**Recommendations**

3. **Update state statutory requirements for the California Transportation Plan and Regional Transportation Plans to address the forecasted impacts of advancing technologies and climate change over the 20-year plan horizon. Dedicate additional planning funds for these purposes.**

   The long-range transportation planning process undertaken by Caltrans and regional transportation agencies provides a unique opportunity to forecast and plan for future mobility trends as well as economic, equity, and environmental impacts of those trends. Regional Transportation Plans and the California Transportation Plan, produced by regional agencies and Caltrans, respectively, are critically important in identifying multi-modal transportation system improvements that will address those trends and impacts as well as facilitate the achievement of state, regional, and local goals.

   Emerging technologies revolving around shared, autonomous, connected, and electric transportation options have far-reaching policy and infrastructure implications affecting the economy, transportation access, and the environment. In addition to advanced technologies, the areas of climate change adaptation and multi-modal corridor planning are continually evolving and should be considered as part of the long-range transportation planning process.
Given the potentially significant impacts that technology, climate change adaptation, and other factors will have on California’s future vitality, it is important to ensure that both the California Transportation Plan and Regional Transportation Plans recognize the forecasted implications to state and regional transportation infrastructure needs such as: autonomous vehicle-only lanes, infrastructure-to-vehicle communication, electric vehicle infrastructure, housing and energy needs, changing utilization of curb space, impacts of e-commerce, and more.

For example, Caltrans and regional agencies should prioritize projects that, along with meeting other transportation goals, empower vehicle automation and electrification while also considering and planning for the potential increased vehicle miles traveled as a result of these technologies to ensure the public interest is protected. Additionally, a corridor-based planning process, as opposed to planning for individual modal needs separately, would emphasize coordinating technological improvements, mobility enhancements, and environmental mitigation strategies as part of the long-range planning process.

In its guidelines for the development of Regional Transportation Plans and the California Transportation Plan, the Commission uses the word “shall” only when a statutory or regulatory citation exists. The word “should” is used where the guidelines reflect a permissive or optional statutory reference such as “may” or “should.” Sections within the guidance end with federal and state requirements (shall), federal and state recommendations (shoulds), and planning practice examples intended to highlight exemplary, state-of-the-art planning practices to emulate as financial and technical resources allow.

SB 375 (Steinberg, Chapter 728, Statutes of 2008) and SB 391 (Liu, Chapter 585, Statutes of 2009) were pivotal in providing statutory requirements for Regional Transportation Plans and the California Transportation Plan to address climate change mitigation through greenhouse gas emissions reduction. Building on this direction, we must continue to look to the future and adequately plan for adapting the built environment to climate change.

Specific legislative direction to require the consideration of advanced transportation technologies and climate adaptation planning in Regional Transportation Plans and the California Transportation Plan, as well as direction to consider a multimodal corridor-based approach as part of the transportation planning process, is needed to enable the Commission to work with stakeholders to amend and enhance existing regional and statewide long-range planning guidance. Further, dedication of additional planning funds to regional agencies and the state is needed to facilitate the implementation of these new planning requirements.

Enhanced statewide guidance and planning funds will help promote the preparation of forward-looking and comprehensive plans that (1) reflect current policy priorities, including accommodation for advanced transportation technologies; (2) incorporate climate change strategies for long-term planning and environmental mitigation; and (3) encourage the development and coordination of multi-modal corridor-based plans. These forward-looking plans are important to meeting the ever-broadening range of objectives that the statewide transportation system must incorporate to ensure the proper level of system-wide interoperability.
4. **Create a technical advisory committee to encourage the development and deployment of advanced transportation technologies and to provide expertise and standardize communication technologies in the transportation sector.**

In response to SB 1298 (Padilla, Chapter 570; Statutes of 2012), the California Department of Motor Vehicles established a statewide steering committee of potentially affected agencies to assist with the development of statewide regulations that cover both the testing and deployment of autonomous vehicles. The Legislature should expand upon the steering committee created under SB 1298, focused primarily on autonomous vehicle regulations, by requiring the Commission or other independent body to establish a statewide advanced transportation technologies advisory committee to concentrate on the operation of autonomous vehicles on public roadways.

The advanced transportation technologies advisory committee should include representatives from state and local government, regional transportation agencies, auto manufacturers, automated vehicle technology firms, safety advocates, public transit operators, the freight industry, transportation network companies, and other relevant experts. The committee would explore approaches to the modification of state policy, rules, and laws to enhance public safety and to prepare the state for the emergence and deployment of autonomous vehicle technology. Areas for consideration beyond what is currently done by the existing work group could include shared mobility, rules of the road, enforcement, roadway infrastructure, traffic management, transit, freight, vehicle insurance, tort liability, cyber security, privacy, advertising, impacts to social services, and impacts to labor and small businesses.

At a minimum, the technical advisory committee should operate transparently, consistent with the Bagley-Keene Open Meeting Act, and should be assigned the following responsibilities:

- Identify current state and local laws that might be in conflict with the capabilities of future advanced technologies.
- Explore potential impacts, both positive and negative, of various technologies and recommend actions to help mitigate those impacts.
- Develop ways to encourage technology-neutral solutions that allow for flexible innovation and avoid locking the state into adopting one technology to the exclusion of all others.
- Identify areas of better communication and integration to support sustainable freight transportation, including but not limited to, engaging the freight industry, seeking data for state freight flows throughout rural and metropolitan areas, and gauging future freight demands.
- Award research funding for the development of further policy direction.

5. **Permanently continue Caltrans’ ability to streamline environmental review processes that are conducted pursuant to the National Environmental Policy Act Assignment Program.**

For more than a decade, Caltrans’ participation in the NEPA Assignment Program, which authorizes states to assume federal responsibilities for NEPA actions, has enabled California to streamline the federal environmental process by eliminating one layer of
governmental review. This program helped accelerate project delivery and reduce costs without compromising compliance with environmental laws and regulations.

States participating in the program are subject to the same procedural and substantive requirements as if the NEPA requirement were carried out by the U.S. Department of Transportation. The delegation of this authority to the state made Caltrans the lead agency for environmental reviews for projects subject to NEPA. To participate in the NEPA Assignment Program, states are required to accept the financial costs associated with the delegated authority, as well as full liability for lawsuits filed under NEPA in federal court. Therefore, to participate, states are required to obtain a limited waiver of their 11th Amendment sovereign immunity, thereby allowing them to be sued in federal court and providing them the ability to defend against claims that may be brought against the NEPA document.

The Legislature provided Caltrans with limited waiver of sovereign immunity, first with the passage of AB 2650 (Carter, Chapter 248, Statutes of 2008) and again with the passage of AB 892 (Carter, Chapter 482, Statutes of 2011). In 2017, when renewal of California’s limited waiver of sovereign immunity appeared to be in jeopardy, the Legislature recognized the following potential negative impacts to the state.

- Significant time delays and increased costs for many projects when the benefits of the existing program cease and as the federal agencies realign workload and processes to absorb the responsibilities that they have not managed for 10 years.

- Additional Caltrans staff time and the associated costs to revert state processes to reflect pre-NEPA Assignment Program requirements and to revise interagency memorandums of understanding.

- Loss of national leadership related to the NEPA Assignment Program, because Caltrans currently provides guidance to states that have recently assumed or are thinking of assuming NEPA responsibilities.

As a result, the Legislature passed AB 28 as an urgency measure (Frazier, Chapter 4, Statutes of 2017) to extend this limited waiver of sovereign immunity to January 1, 2020. While the influx of new transportation funding fulfills critical and immediate infrastructure needs, streamlining the environmental review process is vital in ensuring delivery of these investments to the public. The Commission recommends that the Legislature re-enact the waiver of sovereign immunity without a sunset date, thereby enabling the state to conduct the NEPA Assignment Program indefinitely.

6. Require Caltrans to partner with the construction industry in evaluating current bid and award processes to identify opportunities to better incorporate consideration of contractor performance in the determination of the most qualified “lowest responsible bidder.”

The awarding of contracts to well-qualified contractors is vital in making wise transportation infrastructure investment decisions and in efficiently delivering construction projects. The identification of contractors with established track records for constructing transportation-related projects based on performance history can be a valuable resource in choosing the right contractor for the job. Caltrans’ current business practice, consistent with statute, is to award projects to contractors that are determined to be the lowest-cost responsive and responsible bidder. The bid is analyzed for accuracy and completeness, and Caltrans
reviews for compliance with other requirements. Once Caltrans confirms that the contractor has met all criteria, a formal award letter is sent to the contractor.

This process fails to adequately consider past contractor performance. Several state departments of transportation utilize a given set of factors to evaluate a contractor’s ability to complete a specific project, beyond just the contractor’s financial capacity. According to the Federal Highway Administration, use of this process may have added benefits, including motivating contractors to improve performance.

The Legislature should direct Caltrans to work with the construction industry in evaluating current business practices and options for contractor prequalification to determine how past contractor performance can better be taken into consideration in the construction contract award process. Caltrans should report to the Commission on the findings of this evaluation.

7. **Incentivize transit providers to explore integrated travel initiatives that foster collaboration and standardization among transit agencies, and improved convenience for users, thereby increasing ridership and helping the state achieve greenhouse gas emissions reduction goals.**

The ability of transit operators across the state to provide a seamless and integrated system through which travelers can easily and affordably reach places of employment, education, recreation, health care, and other services and destinations is key to the long-term viability of public rail and transit. California is entering the era of “mobility on demand,” being led by private-sector transportation networking companies such as Uber and Lyft, and with the more recent advent of dockless electric-assist bicycles and electric scooters.

As shared mobility services and other viable alternatives to public transit and intercity rail increase, the Legislature should incentivize rail and transit providers to integrate fare collection, service, and ticket integration where feasible, regardless of whether in urban or rural areas.

In 2018 the Commission allocated Transit and Intercity Rail Capital Program funds for the Northern California Corridor Enhancement Program to explore opportunities for riders on multiple rail and transit systems to have a single, seamless transaction for travel planning and ticket purchase. The Northern California Corridor Enhancement Program, when complete, is expected to provide a critical look at and specific recommendations for how integration can be achieved in an urbanized transit corridor. This type of study should be replicated in other urbanized and rural areas of the state.

8. **Require Caltrans to review the operation of the state highway system to encourage optimization of the system and report the results annually to the Commission.**

The Commission recognizes that over time, transportation systems evolve and adaptive management is needed to deliver safe, effective mobility options to the traveling public. Continually evaluating and reporting on the operation of the transportation system to identify areas for improvement are important to adaptively manage the transportation system, including, but not limited to, the annual evaluation and optimization of managed lanes and ramp meters.

For example, as part of the accountability reforms of SB 1, the Legislature required Caltrans to ensure that 90% of transportation management system units will be in good condition by
2027. Efficiency and accessibility of the system throughout the state are dependent upon an intelligent transportation system that includes optimized traffic signals, ramp meters, changeable message signs, roadway weather information, and vehicle detection. As part of meeting the 90% goal of transportation management system elements in good condition, Caltrans also must ensure that operation of these elements is optimized system-wide to further facilitate their effectiveness.

This recommendation builds upon a recommendation the Commission made in its 2016 Annual Report. At that time, the Commission included an administrative recommendation for Caltrans to review the hours of High-Occupancy Vehicle (HOV) lane operations in Southern California. HOV lanes in Southern California are restricted to use only by eligible vehicles 24 hours a day, in contrast to the limited hours of restriction applied in Northern California.

Changes in operations, if recommended by Caltrans, could allow for better utilization of HOV lanes by non-eligible vehicles in Southern California during off-peak periods. With the growth of zero-emission and electric vehicles that have the potential to use HOV lanes, it is prudent for Caltrans to determine whether the system accurately supports the needs of its shifting user base.

9. Alert Congress of the need to resolve the funding backlog that California faces in receiving federal reimbursements for eligible Emergency Relief Program expenditures.

California faced historic natural disasters in 2017 and 2018 as wildfires and flooding threatened our state’s people and infrastructure, culminating in the deadly Camp Fire in November 2018 that devastated communities in Butte County and that is largely considered to be the most destructive wildfire in history. Cal Fire reported that in a single week in July 2018, more than 1,000 wildfires were sparked, burning tens of thousands of acres across the state. The changing climate has brought new heat records year after year in California, leading to sweltering summers with dry grass and brush, along with millions of dead trees to fuel an explosive growth of fires at alarming rates. According to Caltrans, as of August 2018, wildfires have caused $48.6 million of estimated Federal Highway Administration emergency relief-eligible damage to the federal-aid highway system in California. Caltrans expects these costs to increase significantly during coming years.

Congress created the Federal Highway Administration's Emergency Relief Program to fund the repair or reconstruction of federal-aid routes that have suffered serious damage as a direct result of a federally declared event. Under this program, the approved projects are paid for with state funds that are reimbursed as Congress authorizes funding. Unfortunately, the expenditure of state funds in California far exceeds the federal reimbursement available nationwide. According to Caltrans’ Quarterly Financial Report, California has spent approximately $1.6 billion on eligible federal emergency relief projects (dating back to 2010, with more than 80% stemming from major wildfire and storm events that have taken place during only the past two years); however, only $100 million per year is available for reimbursements nationwide.

The Commission recommends the Legislature assist the Commission, Caltrans, and other transportation stakeholders in alerting our representatives in Washington about the severity of this issue and in urging authorization of the additional funding needed to remedy this backlog.
Legacy Recommendations

The Legislature has enacted many of the Commission’s prior recommendations, but some of them remain unimplemented. The following recommendations capture policy proposals previously issued in areas such as accountability, efficiency, and ongoing program improvements. The Commission believes that these policies will assist in meeting the state’s transportation needs, and encourages the Legislature to consider pursuing them in the first year of the 2019-20 legislative session.

10. Assign to the Commission the responsibility to allocate Caltrans’ capital outlay support costs for the State Transportation Improvement Program.

The Commission currently allocates Caltrans’ capital outlay support for all programs under the Commission’s purview, with the exception of the State Transportation Improvement Program. The Commission recommends that the Legislature assign to the Commission the responsibility to allocate Caltrans Capital Outlay Support workload by project phase for projects in the State Transportation Improvement Program.

Through the enactment of SB 1, the Legislature assigned this responsibility to the Commission for the State Highway Operation and Protection Program (SHOPP). However, this responsibility was not assigned to the Commission for the State Transportation Improvement Program, leaving an incomplete picture of how Caltrans manages its project support resources. The Legislature should expand the Commission’s responsibility for capital outlay support allocation to include Caltrans-implemented State Transportation Improvement Program projects, in addition to SHOPP projects, in order to provide a more complete picture of Caltrans’ capital outlay support workload.

11. Expand regional commute benefits program authority statewide.

The Commission recommends that the Legislature expand statutory authority for regions statewide to adopt and implement a regional commuter benefits ordinance, similar to a successful program in the Bay Area, to increase ridesharing, reduce greenhouse gas emissions, and advance statewide climate goals.

In 2012, SB 1339 (Yee, Chapter 871, Statutes of 2012) authorized the Bay Area Air Quality Management District (Air District) and the Metropolitan Transportation Commission to adopt and implement a regional commuter benefits ordinance in the San Francisco Bay Area on a pilot basis through December 31, 2016. The Bay Area Commuter Benefits Program was adopted by the Air District and ratified by the Metropolitan Transportation Commission in March 2014, and employers were required to offer commuter benefits by September 30, 2014.

The goal of the program is to promote the use of transit and other alternative commute modes in order to reduce single-occupant vehicle commute trips, traffic congestion, and emissions of greenhouse gases and other air pollutants from motor vehicles. The program seeks to achieve these objectives by expanding the number of employers who provide commuter benefits to their employees. The Air District and the Metropolitan Transportation Commission have worked together, in consultation with the Bay Area business community, to implement the program and to help employers comply with its requirements. In
2016, the Legislature deleted the sunset provision of this bill, thereby perpetuating this program within the region. Furthermore, in 2018, the Governor signed AB 2548 (Friedman, Chapter 173, Statutes of 2018) which authorized the Los Angeles County Metropolitan Transportation Authority (LA Metro) to adopt a commute benefit ordinance that requires covered employers, as defined, to offer a pretax option, consistent with federal law. That ordinance allows covered employees to exclude from taxable wages employee transit pass or vanpool commuting costs.

As the state continues to set aggressive greenhouse gas reduction goals, shifting people from single-occupant trips is vital to achieving success. Expanding commute benefit programs in the world’s most congested areas would help employers and employees find travel alternatives. Authorizing the expansion of such programs would support the state’s goals of reducing greenhouse gas emissions and relieving congestion to improve environmental health and quality of life in communities throughout California.

12. Permanently authorize Caltrans and its regional partners to use alternative project delivery and procurement tools such as public-private partnerships and design-build.

The Commission recommends that the Legislature permanently authorize Caltrans and its partners to use alternative project delivery tools such as public-private partnerships and design-build.

As Caltrans and its regional partners consider the development of various types of transportation infrastructure, work is typically undertaken with the understanding that the traditional design-bid-build procurement method will be utilized to ultimately deliver the project. Because the Legislature has authorized these alternative delivery methods on only a limited basis, few projects have been developed from the beginning with non-traditional delivery methods. Maximizing the benefits of alternative delivery methods is most commonly accomplished by utilization from inception and throughout the delivery process. If the Legislature authorized some or all of these alternative procurement methods without limitation, then both Caltrans and their partners could utilize the most beneficial delivery process from the inception of a project’s development through completion.

Public-private partnerships (P3) allow the private sector to partner with Caltrans to develop and construct additional transportation infrastructure by having the state offer reasonable investment returns to the private developer. While much debate takes place in California about the successful implementation of prior P3 projects in the state, the Commission recommends reauthorization of this project delivery tool with the provision that the Commission’s role be expanded in the evaluation of future P3 projects. Such a role would include establishing a center of expertise in innovative project delivery, including analysis of terms and conditions specific to each comprehensive P3 development agreement.

Under the design-build concept, a transportation facility owner contracts with a general contractor to both design and build a project. AB 401 (Daly, Chapter 586, Statutes of 2013) authorized Caltrans to deliver 10 design-build projects and gave unlimited design-build authority to local transportation entities. Caltrans has realized both time and cost savings on projects delivered using the design-build delivery tool.
13. Expand Caltrans’ ability to hire consultant teams as needed in response to increases in funding and workload.

Currently, Caltrans is authorized to utilize no more than 10% of its capital outlay support budget for contracted architectural and engineering services. As a result of this restriction, Caltrans must hire additional state employees in response to temporary or cyclical increases in workload and the availability of funding. Unfortunately, the state civil service process makes corresponding reductions in state staff resources difficult for Caltrans when workload decreases, or funding is limited.

The Legislature should authorize Caltrans to hire consultant teams as needed in response to these temporary or cyclical variances, including engineering, architectural, and other professional services. That additional discretion would give Caltrans more flexibility in project delivery and resource management.

14. Reduce transportation project delays due to environmental lawsuits.

The Commission recommends that the Legislature apply the provisions in SB 743 (Steinberg, Chapter 386, Statutes of 2013) to transportation projects that have been included in a Regional Transportation Plan with a certified Environmental Impact Report and a Sustainable Communities Strategy accepted by the California Air Resources Board. The provisions of SB 743 prohibit a court from staying or enjoining a project that meets these criteria solely because of the project’s potential contribution to the emissions of greenhouse gas. SB 743 applied these provisions to one specific project – the Golden 1 Center sports and entertainment arena in Sacramento. The express intent of SB 743 was to keep project opponents from using the project’s potential contribution to greenhouse gas emissions to delay its construction and increase costs to a level so high that the developer would eventually stop pursuing the project. This same tactic is often used to delay transportation projects, which ultimately increases construction costs and delays the benefits sought by the public agency pursuing the project.

Projects in Metropolitan Planning Organization Regional Transportation Plans with certified Environmental Impact Reports where the Air Resources Board has determined that the Sustainable Communities Strategy will result in a reduction of greenhouse gas emissions to achieve the ARB-established target within that region should be exempt from further California Environmental Quality Act (CEQA) challenges purely on the basis of a project’s potential contribution of greenhouse gas emissions. To allow such a challenge undermines the environmental analysis work already completed by the Metropolitan Planning Organization and the Air Resources Board. This would not preclude CEQA lawsuits to be filed, for example, by neighbors and activists concerned with localized impacts (e.g., toxic air contaminants from construction and operation of new roadway or transit facilities, aesthetics, or character of community challenges) or even a project’s potential greenhouse gas emissions contribution. This proposal would serve to prevent a project opponent from citing greenhouse gas emissions as a means of unnecessarily delaying a project through litigation after the analysis had been completed through the Regional Transportation Plan process. A project sponsor could proceed with project development while awaiting a court’s decision on the action(s), if any, necessary to mitigate potential emissions.

Streamlining the CEQA judicial review procedures to correlate with the economic and environmental needs of the community is not a concept limited to the Golden 1 Center arena. In 2011, AB 900 (Buchanan, Chapter 354, Statutes of 2011) was signed to promote large-scale projects that meet extraordinary environmental standards, create a significant
number of jobs, and attract investment; such projects included the Golden State Warriors arena project in San Francisco. Under AB 900, specified projects that were expected to bring thousands of jobs were not completely exempted from CEQA, but were allowed to go through a fast-track judicial review process in California’s Court of Appeal. In the same year, SB 292 (Padilla, Chapter 353, Statutes of 2011) was chaptered and provided for a downtown Los Angeles football stadium and convention center designed to achieve specified traffic and air quality mitigations. SB 292 enacted a strict set of criteria for the stadium’s construction, required the project to be carbon neutral, mitigated impacts on traffic and air quality, and established a less onerous review process. SB 292 reduced the review timeframe for the City of Los Angeles and the developer, providing for five days – rather than 30 – to reply to project challengers. Additionally, in 2018, the Governor signed AB 734 (Bonta, Chapter 959, Statutes of 2018) which established specified procedures for the administrative and judicial review of the environmental review and approvals granted for the Oakland Sports and Mixed-Use Project as long as it meets certain requirements, similar to those that were established by SB 292.

15. Expanding the existing statutory authority related to streamlined environmental review for specific repairs within existing public rights-of-way.

Existing law grants to cities and counties with a population of less than 100,000 a streamlined environmental review process for certain projects in existing rights-of-way until January 1, 2020. This recommendation is consistent with other existing California Environmental Quality Act (CEQA) exemptions. For example, CEQA guidelines authorize a categorical exemption for work on existing facilities involving negligible expansion of an existing use, specifically including existing streets and highways, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities. Additionally, any emergency project that a public agency undertakes to maintain, repair, or restore an existing highway that has been damaged as a result of fire, flood, storm, earthquake, land subsidence, gradual earth movement or landslide is exempt from CEQA if the work is carried out within one year of the date the damage occurred.

This existing authority has been in place since 2012 without controversy and was extended to 2020 by a bill unanimously passed by the Legislature and signed by the Governor in 2015. Removing the 2020 sunset date and expanding this minor exemption to all jurisdictions has the potential to save money and time when making critical repairs to the transportation system.
YEAR IN REVIEW

Implementing SB 1

The Commission marked a number of key milestones in the funding of critical repairs and improvements with new revenue from Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017) in cities and counties across the state. The Commission received and considered input from federal and state agencies, metropolitan planning organizations, regional transportation planning agencies, cities and counties, environmental and social equity advocacy groups, tribal governments, and other interested stakeholders. Having adopted program and accountability guidelines incorporating input from more than 40 public workshops, the Commission continued its momentum and programmed more than $9.2 billion in SB 1 transportation funding. In total, the Commission dedicated state and federal funds of more than $25 billion over multiple years to transportation projects that will improve safety, mobility, environmental sustainability, economic vitality, and quality of life in California.

Accountability and Transparency

The Commission throughout its history has placed the utmost importance on upholding the public trust through its outreach, public hearings and town halls, as well as establishment of strong accountability and transparency requirements for recipients of transportation funding. Historically, the Commission has adopted strong accountability guidelines to hold those receiving state and federal funds accountable for carrying out the promises made at the time a decision is made to dedicate project funding.
In March 2018, the Commission adopted the SB 1 Accountability and Transparency Guidelines, which set forth the Commission’s accountability requirements for SB 1-funded programs. These guidelines establish procedures to implement the SB 1 provisions designed to hold Caltrans and local governments accountable for the efficient investment of public funds. For example, the Commission requires baseline agreements for increased accountability of the agreed-upon project scope, cost, and schedule, timely use of funds, and performance goals that are tracked and reported.

**A Review of SB 1 Programs**

**Active Transportation Program**

The Legislature established the Active Transportation Program in 2013 to encourage increased use of active modes of transportation, such as biking and walking. SB 1 augmented the existing Active Transportation Program with an additional $100 million per year – an increase of approximately 80%. The 2017 Active Transportation Program Augmentation program of projects, funded with two years of SB 1 revenue, was adopted by the Commission at its January 2018 meeting. This augmentation dedicated $192 million to 121 new projects and advanced the delivery of 52 previously programmed projects.

Assembly Bill 97 (Ting, Chapter 14, Statutes of 2017) authorized an additional $4 million per year for five years, subject to annual appropriation, for active transportation projects developed and implemented by the California Conservation Corps and certified Local Community Conservation Corps. In June 2018, the Commission programmed $7,625,262 to 34 projects recommended for funding by the California Conservation Corps and Certified Local Community Conservation Corps. In August 2018, the Commission approved $374,738 for three additional projects, bringing the total amended Corps’ program of projects for FY 2017-18 and FY 2018-19 to $8 million for 37 projects.

**Local Partnership Program**

SB 1 created a new Local Partnership Program for local transportation agencies that have approved local taxes or fees specifically dedicated to transportation improvements; the program authorized additional funding to help the local agencies leverage these investments and expedite project delivery. The $200 million per year program is designed to provide a variety of multimodal transportation improvements for roads, rail and other public transit systems, bicyclists and pedestrians, and operational improvements. The Commission implemented this program by distributing 50% of the funds to projects selected through a competitive process and the other 50% based on a formula.

In January 2018, the Commission adopted the initial Formulaic Program of projects, approving $173.3 million for 57 projects from 32 agencies among the 40 eligible agencies. As of June 30, 2018, amendments to the program of projects resulted in a revised total of $194.7 million for 67 projects from 33 agencies. The remaining $5.3 million is available for programming to eligible entities through the duration of the current formulaic cycle (June 2019). The Commission programmed another round of Formulaic Program funding totaling $72 million in October 2018.

At its May 2018 meeting, the Commission programmed more than $300 million over a three-year period to 27 competitively selected projects with a value of more than $1.7 billion.
Local Streets and Roads Program
SB 1 doubled the state funding dedicated to local jurisdictions by creating the Local Streets and Roads Program. This program apports funding through the State Controller’s Office by formula to cities and counties for basic road maintenance, rehabilitation, and critical safety projects. In the FY 2017–18 program, for which revenue collection began in November 2017, approximately $386 million was disbursed to all 58 California counties and 479 cities between January and August 2018. The cities and counties that received program funding are required to report on the expenditure of these funds and the outcomes of the projects carried out with these funds, and must account for any changes to their initial proposed project lists submitted at the time of eligibility determination. These reports are due annually by October 1.

The Commission adopted the FY 2018-19 list of eligible cities and counties for program funding at its June 2018 and August 2018 meetings. Approximately $1.1 billion in program funding will be disbursed during the FY to 58 counties and 480 cities to assist in funding high-priority maintenance and repair projects on local streets and roads in those communities.

Solutions for Congested Corridors Program
SB 1 created the $250 million per year Solutions for Congested Corridors Program to fund projects to reduce congestion in highly traveled and highly congested corridors through performance improvements that balance transportation improvements and community impacts, and that yield environmental benefits. At its May 2018 meeting, the Commission programmed more than $1 billion over a four-year period to nine projects with a total value of approximately $3.5 billion.

State Highway Operation and Protection Program
The State Highway Operation and Protection Program (SHOPP) is a four-year program of projects for the safety, operation, preservation, and rehabilitation of the state highway system. Projects funded under this program do not add new capacity to the system. The Transportation Asset Management Plan is a document that assesses the health and condition of the state highway system to determine the most effective way to apply the state’s limited resources. Therefore, the Transportation Asset Management Plan serves to guide selection of projects for the SHOPP. The Commission must hold at least two public hearings and declare a finding of consistency with the Transportation Asset Management Plan before adopting the SHOPP. Public hearings were held in February and March 2018, and an $18 billion portfolio of projects programmed for a four-year period was adopted at the Commission’s March meeting.

SB 1 established performance targets for the SHOPP primary asset classes (pavement, bridges, culverts and traffic management system elements). To measure progress toward meeting the defined performance targets, the Commission adopted an addendum to SHOPP Guidelines in October 2017. The addendum required Caltrans to develop annual benchmarks (future condition projections) to measure progress made for each of the four primary asset classes. In March 2018, the Commission approved the benchmarks that Caltrans developed for the four primary asset classes, as well as 10-year performance targets for nine supplemental asset classes on the state highway system.

Government Code Section 14526.7(b) requires Caltrans to report to the Commission on its progress toward meeting the targets and performance measures consistent with the Transportation Asset Management Plan and 2027 targets that SB 1 established. On November 15, February 15, May 15, and August 15 of each FY, Caltrans will submit a quarterly status
report to the Commission describing progress in meeting these project delivery targets. SB 1 also requires the Commission to evaluate the effectiveness of Caltrans in reducing deferred maintenance and improving road conditions on the state highway system as demonstrated by the progress made in achieving the goals set forth in SB 1.

In October 2018, pursuant to Government Code section 14526.7(b) and Streets and Highways Code Section 2032.5, Caltrans reported to the Commission on progress made in meeting the performance targets for the state highway system established by SB 1. Pursuant to statute, Commission staff utilized this information to evaluate Caltrans’ effectiveness in meeting the targets, reducing deferred maintenance, and improving road conditions on the state highway system.

Based on the information and analysis presented by Caltrans to date, on December 5, 2018, the Commission found that intermediate annual benchmarks established in the adopted Transportation Asset Management Plan are being met and that progress is being made toward achieving the overall 2027 system performance targets established by SB 1. The Commission also determined that Caltrans has established effective management tools and procedures that will promote overall success in meeting the SB 1 performance targets.

**State Transportation Improvement Program**

The Commission updates and adopts the State Transportation Improvement Program biennially, and programs funding over a five-year period for state highway improvements, intercity rail, local road and transit improvements. The 2018 State Transportation Improvement Program, which the Commission adopted at its March 2018 meeting, added $2.2 billion to the program’s existing capacity, resulting in a program of nearly $3.3 billion over a five-year period.

The Commission’s adopted 2018 State Transportation Improvement Program differed significantly from the 2016 program, which was adopted prior to the enactment of SB 1. At that time, the Commission was forced to address a $1.5 billion shortfall, which it did by removing $754 million from previously committed projects and by deferring $755 million in project funding to later years.

**Trade Corridor Enhancement Program**

The Trade Corridor Enhancement Program builds on the highly successful Trade Corridor Improvement Fund program that the Proposition 1B bond program created in 2006. This new program provides funding for infrastructure improvements on designated freight corridors or along corridors that have a high volume of freight movement. This program combines approximately $300 million per year of new SB 1 revenue with existing federal freight funding to achieve improvements consistent with federal and state requirements. At its May 2018 meeting, the Commission programmed nearly $1.4 billion over a three-year period to 28 projects with a total value of over $4 billion.

**Enhanced Coordination and Communication**

The Commission continued to engage community members and stakeholders throughout the state, hosting a variety of workshops and meetings, as well as attending various events hosted by partners in different sectors. Many of these meetings were held with a focus on implementing SB 1 as efficiently and effectively as possible. In the past year alone, the Commission convened
more than 40 well-attended workshops to solicit ideas and observations to guide development of the various SB 1-funded program and accountability guidelines. Workshop attendees included representatives of state and federal agencies, tribal governments, regional and local agencies, as well as environmental, social equity, land-use, business, public health, and other interested stakeholders. Workshops offered participants opportunities to engage and seek feedback, both in person and via teleconference. In addition, Commission staff members consulted with interested stakeholders, as necessary, outside of the workshops to convey information to those who were unable to attend, and to respond to follow-up inquiries.

The Commission is also represented on the California Freight Advisory Committee (Committee), which is made up of a representative cross-section of public and private sector freight stakeholders. The Committee is tasked with advising the state government on freight-related priorities, issues, projects, and funding needs; providing a forum for discussion on freight mobility; communicating and coordinating regional priorities and freight issues with others in the private and public sectors; and participating in the development of the California Freight Mobility Plan. As a member of the Committee, the Commission contributes information for consideration in the development of the next update to the California Freight Mobility Plan, which is expected to be completed in December 2019.

Additionally, the Commission held project delivery workshops for purposes of better understanding Caltrans’ program management and controls, capital estimating and bidding environment, risk management, and more. A Tri-State Commission meeting with Oregon and Washington transportation officials was also held to explore and consider the potential impacts of changing transportation technologies. The Commission also embarked on biannual meetings with the California Air Resources Board to coordinate the implementation of transportation policies, including interagency activities related to the implementation of the sustainable freight action plan, development of the California Transportation Plan, and the setting of greenhouse gas emission reduction targets for the automobile and light duty truck sectors.

Road Charge Technical Advisory Committee

SB 1077 (DeSaulnier, 2014) created the California Road Charge Pilot Program and tasked the Chair of the Commission, in consultation with the California State Transportation Agency (Transportation Agency) to convene a 15-member Technical Advisory Committee to study road usage charge alternatives to the gas tax, gather public comment, and make recommendations to the Transportation Agency regarding the design of a road charge pilot program. The legislation also provided that the Technical Advisory Committee may make recommendations on the criteria to be used to evaluate the pilot program. The Transportation Agency was charged with implementing a pilot program by January 1, 2017 and reporting its findings on the pilot program to the Technical Advisory Committee, the Commission, and the appropriate policy and fiscal committees of the Legislature by June 30, 2018. The Commission is required to include its recommendations regarding the pilot program in its annual report to the Legislature.

The timeline for the Road Charge Pilot Program was accelerated by the Administration. Based on design recommendations from the Technical Advisory Committee, Caltrans developed and implemented the Road Charge Pilot Program. The participant portion of this program operated from July 2016 through March 2017 and included more than 5,000 vehicles which, combined, drove more than 37 million miles. Throughout the Road Charge Pilot Program, the Technical Advisory Committee received regular updates from Caltrans about program operations.
Following completion of the Pilot Program, the Transportation Agency released a final report on the pilot in December 2017. The Committee continued to meet during 2018 to discuss policy issues related to alternatives to the conventional gas tax. In November 2018 the Technical Advisory Committee approved recommendations for the Commission to consider for purposes of advising the Legislature. These recommendations are set forth in the FY 2017–18 Accomplishments section of this report.

SB 1328 (Beall, Chapter 698, Statutes of 2018) extended the authority of the Road Charge Technical Advisory Committee to January 2023. This legislation requires the Committee to continue to assess the potential for alternative methods, including a mileage-based revenue collection system, to the existing gas tax system for generating the revenue necessary to maintain and operate the state’s transportation system.

**Implementing Legislative Recommendations**

The Commission’s 2017 Annual Report to the Legislature included a number of specific, action-oriented recommendations for legislation. In response, Legislators introduced several bills implementing the Commission’s recommendations. While some bills fell victim to the legislative process, four of the bills made it to the Governor’s desk and were signed into law. The Commission wishes to acknowledge the efforts of all of the authors working to implement Commission recommendations, and intends to build on the successes of 2018 to improve transportation in California.

Below is a list of the bills, and their authors, that were successfully signed into law:

- **AB 3246** (Committee on Transportation, Chapter 198, Statutes of 2018) – Transportation: omnibus bill, streamlined adoption of the Active Transportation Program
- **SB 1029** (McGuire, Chapter 934, Statutes of 2018) – North Coast Railroad Authority
- **SB 1262** (Beall, Chapter 465, Statutes of 2018) – Construction Manager/General Contractor project delivery method
- **SB 1328** (Beall, Chapter 698, Statutes of 2018) – Mileage-based road usage fee

The following bills were introduced to implement the Commission’s recommendations, but did not become law:

- **AB 1901** (Obernolte) – California Environmental Quality Act: exemption: roadway projects
- **AB 1905** (Grayson) – Environmental quality, judicial review: transportation projects
- **AB 2951** (Gloria) – Commute benefit policies
- **AB 2418** (Mullin) – Transportation: emerging transportation technologies: California Smart Cities Challenge Grant Program
Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017) provides the first significant, stable, and ongoing increase in state transportation funding in more than two decades. Through SB 1, the Legislature provided additional funding to the California Transportation Commission (Commission), increased its role in several existing programs, and created new programs for the Commission to oversee. These programs include the Active Transportation Program, the Local Partnership Program, the Local Streets and Roads Program, the Solutions for Congested Corridors Program, the State Highway Operation and Protection Program (SHOPP), the State Transportation Improvement Program, and the Trade Corridor Enhancement Program.

SB 1 stipulates a number of measures intended to hold the recipients of SB 1 funds accountable. Specifically, SB 1 states that “it is the intent of the Legislature that the Department of Transportation and local governments are held accountable for the efficient investment of public funds to maintain the public highways, streets, and roads, and are accountable to the people through performance goals that are tracked and reported.”
We (the Commission) take this transparency and accountability role very seriously. As the stewards of public funds, we place great importance on mechanisms to hold agencies accountable for delivering the projects promised to taxpayers, and we do all we can to demonstrate to taxpayers how we are investing their money. In carrying out its responsibility to implement SB 1, as with all state and federal transportation funds under its purview, the Commission has placed the utmost importance on upholding the public trust by establishing strong accountability, transparency, and reporting requirements. Specifically, the Commission has adopted and implemented strong accountability guidelines to hold those receiving state and federal funds accountable for carrying out the promises made when projects are funded. Accountability requirements for SB 1 funds, developed through an open and transparent process, are set forth in the Commission’s SB 1 Accountability and Transparency Guidelines, individual program guidelines, and Asset Management Plan Guidelines.

The SB 1 Accountability and Transparency Guidelines, which the Commission adopted at its March 2018 meeting, are modeled after the Proposition 1B Accountability Implementation Plan. These guidelines clearly communicate the Commission’s expectations for program and project accountability, and require timely delivery of transportation system improvements and reporting project delivery outcomes and resulting benefits. The guidelines also establish specific expectations regarding agreements and contracts between Caltrans and recipient agencies, as well as project reimbursement procedures to ensure consistency with the project scope, costs, and schedule set forth in project applications and programming actions by the Commission.

The Commission also requires baseline agreements for certain programs and projects. A baseline agreement establishes the project scope, measurable expected performance benefits, delivery schedule, budget, and funding plan. By setting clear goals and expectations before a project receives funding, the baseline agreement helps the Commission hold the implementing agency accountable throughout the reporting process, to ensure that the project delivered is the same as promised to taxpayers. The baseline agreement must be signed by an authorized officer of the applicant and implementing agency, the respective District Director and Director of the Department of Transportation (Caltrans), and the Commission’s Executive Director. The Commission, through its adopted SB 1 Accountability and Transparency Guidelines, requires executed baseline agreements for projects in the following programs:

- Trade Corridor Enhancement Program
- Solutions for Congested Corridors Program
- Local Partnership Competitive Program (limited to projects of $25 million or greater or a total programmed amount of $10 million or greater)
- State Highway Operation and Protection Program (limited to projects of $50 million or greater or a total programmed amount in right-of-way and/or construction of $15 million or greater)

The Commission, through its guidelines, also set forth its expectation that Caltrans will perform administrative oversight for SB 1 programs by ensuring that the terms and conditions of the Commission’s guidelines and subsequent programming, allocation, reporting and other actions are followed.

Additionally, the Commission expects Caltrans to prepare and submit to the Commission regular progress reports for each SB 1 program. These progress reports are required to be written in plain language so the public can understand how tax dollars are spent. When issues and concerns are identified, the Commission will take appropriate action.
The Commission also established guidelines for Caltrans to follow specific to the SHOPP and the Transportation Asset Management Plan. Specifically, the Commission adopted guidelines for Caltrans’ preparation of a robust asset management plan to inform and guide the project selection process for the SHOPP to achieve, among other goals and objectives, the 2027 targets established in SB 1 for bridges, pavement, culverts and traffic management system elements. The Commission’s adopted guidelines for Caltrans’ preparation and submittal of the SHOPP establish measures for program and project accountability and reflect the SB 1 requirement for the Commission’s allocation of Caltrans’ capital outlay support resources by project phase, including preconstruction. To better measure Caltrans’ performance, the Commission also adopted an addendum to the SHOPP Guidelines requiring Caltrans to develop annual benchmarks for each of the four primary asset classes that SB 1 established. Subsequently, the Commission approved benchmarks for measuring Caltrans’ performance in achieving the 2027 targets, as well as 10-year performance targets for nine supplemental asset classes on the state highway system. These targets are detailed in the Transportation Asset Management Plan section of this report on page 47.

SB 1 requires Caltrans to implement efficiency measures with the goal of generating at least $100 million per year in savings to invest in maintenance and rehabilitation of the state highway system. SB 1 also requires Caltrans to report the generated efficiency savings to the Commission annually. In October 2018, Caltrans presented its first annual report to the Commission outlining the efficiencies achieved. The report shows that in FY 2017–18, Caltrans achieved a total of $133 million in efficiency-related savings. Of the $133 million, $129 million is related to cost avoidance and $4 million is monetary savings. According to Caltrans, the savings achieved through cost avoidance will be used toward maintaining a state of good repair on the state highway system. The monetary savings will be reinvested in asset management and other maintenance and operations activities.

SB 1 also created the Independent Office of Audits and Investigations to ensure the Administration, Legislature, and Commission are fully informed concerning fraud, improper activities, or other serious abuses or deficiencies related to the expenditure of transportation funds or administration of Caltrans’ programs and operations. The adopted SB 1 Accountability and Transparency Guidelines outline the Commission’s interface with the newly appointed Inspector General, who is required to report at least annually to the Governor, Legislature, and Commission with a summary of investigation and audit findings. The Commission looks forward to working collaboratively with the Inspector General in this new role to ensure that public funds are used responsibly.
SB 1 created the Solutions for Congested Corridors Program (Congested Corridors Program). Each year, $250 million is transferred to the State Highway Account from the new transportation improvement fee assessed on motor vehicles to fund this program. SB 1 requires the funding to be available for projects that make specific performance improvements and are part of a comprehensive corridor plan. This type of plan is designed to reduce congestion in highly traveled corridors by providing more transportation choices while preserving or enhancing the character of local neighborhoods.

In June 2017, the Commission initiated the process to implement the Congested Corridors Program by developing the Congested Corridors Program Guidelines. The Commission held five public workshops and two public hearings to seek input from stakeholders representing state agencies, regional transportation planning agencies, local governments, private industry, and other stakeholders. Thirty days prior to adoption, the Commission presented the proposed guidelines to the Joint Legislative Budget Committee and the transportation policy committees in the Senate and Assembly. In December 2017, the Commission adopted the final guidelines, which describe the policy, standards, criteria, and procedures for the development and management of the initial Congested Corridors Program funding cycle.
Regional transportation planning agencies, county transportation commissions, and Caltrans were eligible to apply for program funds through the nomination of projects. SB 1 requires all nominated projects be identified in a currently adopted Regional Transportation Plan and an existing comprehensive corridor plan. SB 1 also mandates the Commission score and select submitted applications based on the following criteria identified in the program guidelines:

- Safety;
- Congestion;
- Accessibility;
- Economic development, job creation, and retention;
- Air pollution and greenhouse gas emission reductions;
- Efficient land use;
- Level of matching funds; and
- Ability to complete the project in a timely manner.

The Commission established the initial Congested Corridors Program as a four-year, $1 billion program covering Fiscal Years (FY) 2017–18 through 2020–21. For that first cycle, the Commission received 32 project nominations seeking over $2.5 billion — more than double the amount of funding available. In May 2018, the Commission adopted a $1.006 billion Congested Corridors Program composed of nine projects with a total value of more than $3.5 billion.

The projects selected for this program will reduce congestion in highly traveled corridors and will result in environmental and quality-of-life benefits to communities throughout California. The adopted program funds a variety of multimodal transportation improvements including, but not limited to:

- New transit stations
- Tracks for passenger and commuter rail
- High occupancy vehicle and express lanes
- Active transportation improvements
- Transportation management systems
- Bus purchases
- Local road improvements

According to information that project applicants submitted, the Commission anticipates the $1 billion investment in the Congested Corridors Program will deliver a wide range of infrastructure improvements, including:

- 141 lane-miles of new HOV/HOT lanes
- 11 miles of new passenger/commuter rail track
- 18 miles of new pedestrian/bicycle facilities
- 35 miles of traffic light synchronization
• 5 new, zero-emission buses
• 5 new transit stations

The Commission also expects the Solutions for Congested Corridors Program to result in the following benefits:

• 2 million fewer tons of carbon dioxide emissions over 20 years
• 4 billion fewer vehicle miles traveled by 2040
• 28 million hours of time saved by 2040
• 18.7 million increased transit boardings by 2040

During FY 2017–18, the Commission allocated $14.8 million to one Congested Corridors project, the I-5 HOV Lanes Phase 1 Project in Sacramento County. The contract to construct the project was awarded on October 22, 2018.

Also in 2018, the Commission allocated Congested Corridor funds to three additional projects:

• The San Diego North Coast Corridor HOV Extension Phase 1—Encinitas Project for $195 million in August 2018;
• The Santa Clara Silicon Valley Express Lanes Program Phase 3 Project for $33.2 million in August 2018; and
• The Redlands Passenger Rail Project for $65 million in October 2018.

No expenditures have been reported to date on the allocated projects. The quantitative and qualitative benefits, as identified in the project applications, will be determined when the projects become operable at the time of completion.

A complete list of projects programmed in the 2018 Solutions for Congested Corridors Program is available on the Commission’s website at www.catc.ca.gov/programs/sb1/scrp.
SB 1 created the Local Partnership Program, which makes $200 million in funding available annually to local and regional transportation agencies that have passed sales tax measures, required developer fees, or other imposed transportation fees to fund sound walls, road maintenance and rehabilitation, and other transportation improvements.

The Commission held seven public workshops and two public hearings to seek input from stakeholders for purposes of developing guidelines for program implementation. In October 2017, the Commission adopted the final guidelines, which describe the policy, standards, criteria, and procedures for the development and management of the initial Local Partnership Program funding cycle.

In the initial programming cycle, the Commission distributed 50% of the funding via formula and the other 50% through a competitive program. The Commission established the Formulaic Program as a two-year, $200 million program covering FY 2017–18 and FY 2018–19, and the Competitive Program as a three-year, $300 million program covering FY 2017–18 through 2019–20.

**Formulaic Program**

In December 2017, the Commission adopted the 2018 Local Partnership Formulaic Program Share Distribution, which identified 40 agencies eligible to receive a share of the new SB 1 revenue.
In January 2018, the Commission adopted the initial $173.3 million Formulaic Program comprised of 57 projects submitted by 32 agencies. Subsequently, the Commission approved several amendments to the initial program of projects. As of June 2018, the total dedicated program funding grew to $194.7 million for 67 projects submitted by 33 agencies.

In June 2018, the Commission held a workshop to discuss proposed amendments to the 2018 Local Partnership Program Guidelines, identify potential eligible jurisdictions for funding shares in subsequent cycles, and discuss the 2019 Local Partnership Formulaic Program (Cycle 2) funding share distribution for FY 2019-20.

Also in June 2018, the Commission adopted the amended 2018 Local Partnership Program Guidelines, as well as the 2019 Local Partnership Formulaic Program (Cycle 2) funding share distribution for the $100 million in SB 1 revenue available in FY 2019-20.

**Competitive Program**

For the 2018 Local Partnership Competitive Program, the Commission received 90 project nominations seeking more than $900 million in funding. An evaluation team, consisting of Commission and Caltrans staff, reviewed all 90 project nominations based on the screening and evaluation criteria set forth in the Commission’s adopted guidelines, giving 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 May 2018, the Commission adopted the initial $308.8 million Competitive Program of projects, composed of 27 projects submitted by 26 agencies, with a total value of more than $1.74 billion.

The projects selected for this program will deliver environmental and quality-of-life benefits to communities throughout California. The adopted projects in both the formulaic and competitive programs provide a variety of multimodal transportation improvements including, but not limited to:

- New transit stations
- Tracks for passenger and commuter rail
- High-occupancy vehicle and express lanes
- Active transportation improvements
- Traffic light synchronization
• Bus purchases
• Sound walls
• Local road improvements and rehabilitation

According to information from project applicants, the Commission anticipates the $600 million investment in the Local Partnership Program will deliver a wide range of infrastructure improvements, including:

• 94 lane-miles of local road rehabilitation
• 160 lane-miles of new bicycle lanes
• 124 intersection upgrades
• 76 new buses
• 38 miles of new passenger/commuter rail tracks
• 3 new bridges; repair or replacement of 4 others

The Commission also expects the Local Partnership Program to result in the following benefits:

• 18 million fewer tons of carbon dioxide emissions over 20 years
• 2.5 billion hours of time saved over 20 years
• 76,000 hours in reduced truck delay over 20 years

As of June 2018, the Commission had allocated $58.9 million in Local Partnership Program funds to 34 projects in the formulaic program, and $33.6 million to one project in the competitive program.

A complete list of projects programmed in the Local Partnership Program is available on the Commission’s website:


TRADE CORRIDOR ENHANCEMENT PROGRAM

SB 1 created the Trade Corridor Enhancement Account to fund corridor-based freight projects nominated by local agencies and the state. The Legislature enacted subsequent implementing legislation in July 2017. SB 103 (Committee on Budget and Fiscal Review, Chapter 95, Statutes of 2017) directed the Commission to allocate funds from the Trade Corridor Enhancement Account and the federal National Highway Freight Program to infrastructure improvements on specific corridors with a high volume of freight movement that have been designated as having federal, state, or regional significance.

Following the passage of SB 103, the Commission initiated the process to implement the Trade Corridor Enhancement Program by developing the Trade Corridor Enhancement Program Guidelines. The Commission held numerous public workshops, meetings, and forums, including meetings with the California Freight Advisory Committee, to solicit input on program guidelines development. Specifically, the Commission sought the views of stakeholders representing state agencies, regional agencies, local governments, private industry, and other stakeholder groups. In October 2017, the Commission adopted the final guidelines, which describe the policy, standards, criteria, and procedures for the development and management of the initial Trade Corridor Enhancement Program funding cycle.

The Commission established the initial funding cycle as a three-year program covering FY 2017-18 through 2019-20. The program combines approximately $300 million per year of new SB 1 revenue with existing federal freight funding. The $1.34 billion program includes five years of federal funding and three years of state funding.
SB 1 requires all nominated projects to be identified in a currently adopted Regional Transportation Plan and – if applicable – to be consistent with a Sustainable Communities Strategy determined by the State Air Resources Board to achieve the region’s greenhouse gas emissions reduction targets. Commission staff evaluated and rated each project based on the following criteria identified in the program guidelines:

- Freight System Factors – Throughput, velocity, and reliability;
- Transportation System Factors – Safety, congestion reduction/mitigation, bottleneck relief, multimodal strategy, interregional benefits, and advanced technology;
- Community Impact Factors – Air quality impact, community impact mitigation, and economic/jobs growth;
- Project Readiness – ability to complete the project in a timely manner;
- Demonstration of the required 30% matching funds for regionally implemented projects; and
- Jointly nominated and/or jointly funded.

For the initial program cycle, the Commission received 42 project nominations consisting of 55 individual projects seeking more than $1.96 billion. In May 2018, the Commission adopted a $1.39 billion Trade Corridor Enhancement Program comprised of 28 projects with a total project value of more than $4 billion. The total adopted programming exceeded the identified capacity by $53.6 million. The additional capacity was supported by applying the federal funding apportionment level rather than the federal funding obligation authority.

The projects selected for this program will provide environmental and quality-of-life benefits to communities throughout California. Program benefits include a variety of improvements to goods movement on corridors with high volumes of freight designed to achieve the following:

- Increase the use of on-dock rail
- Improve safety by eliminating at-grade crossings
- Reduce impacts to surrounding communities
- Reduce wait times at the border with Mexico
- Increase rail capacity with double tracking

According to information that project applicants submitted, the Commission anticipates that the $1.39 billion investment in the Trade Corridor Enhancement Program will deliver a wide range of infrastructure improvements, including:

- 89 lane-miles of new HOV/HOT lanes
- 15 miles of new Truck Climbing/Auxiliary Lanes
- 6 new grade separations
- 3 rail crossing improvements
- 11 miles of new railroad track
- 9 new bridges; repair or replacement of 34 others
The Commission also expects the Trade Corridor Enhancement Program to result in the following benefits:

- 4.8 million fewer tons of carbon dioxide emissions over 20 years
- 150 million hours of idling time at border crossings reduced
- 713 million hours of time saved over 20 years
- 2.1 million hours of truck delay reduced over 20 years
- 24,000 fewer vehicle miles traveled per day

As of June 2018, the Commission had allocated $239 million to six Trade Corridor Enhancement Program projects.

A complete list of projects programmed in the Trade Corridor Enhancement Program is available on the Commission’s website at www.catc.ca.gov/programs/sb1/tcep.
LOCAL STREETS AND ROADS FUNDING PROGRAM

SB 1 dedicates, on average, $1.5 billion per year in new formula revenues apportioned by the State Controller (Controller) to cities and counties for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

To be eligible for Local Streets and Roads Program funding from the Controller, each year, cities and counties must adopt a proposed project list at a regular meeting of their board or council and then submit the list of proposed projects to the Commission. Once proposed project lists are reviewed and deemed to be complete, the Commission adopts and sends to the Controller a list of cities and counties eligible to receive funding that fiscal year. After the Controller receives the list of eligible cities and counties, the apportionment process begins for that fiscal year, and funds are disbursed monthly by formula.

To promote transparency and accountability within the Local Streets and Roads Program, cities and counties must submit an Annual Project Expenditure Report to the Commission for each year in which Local Streets and Roads Program funding was received and expended. The information collected from the first cycle of expenditure reports was aggregated and can be found at www.catc.ca.gov/programs/sb1/lsrcp.

Because the State did not begin collecting SB 1 revenues until November 2017, the first cycle of the Local Streets and Roads Program includes partial fiscal year funding. From January to August 2018, the Controller apportioned $386.4 million to 537 cities and counties that the
Commission deemed eligible. The projects identified for the initial cycle ranged from road maintenance and repair to pre-construction efforts, and other public works operational needs.

In March 2018, the Commission adopted the amended 2018 Program Reporting Guidelines, which refined the basic annual project reporting requirements. The Commission held a workshop via webinar to discuss the draft guidelines. More than 460 representatives of 340 cities and counties participated in this workshop. Regional and local partners, including the California State Association of Counties, the League of California Cities, and the State Controller’s Office, were also consulted in the development of the program reporting guidelines and annual project expenditure reporting criteria. The amended guidelines establish a May 1 annual reporting deadline for cities and counties to submit proposed project lists to the Commission, as well as an October 1 deadline for the Annual Project Expenditure Report.

Of the 537 cities and counties deemed eligible for the first program funding cycle, the Commission received all 537 expenditure reports by its deadline of October 1, 2018. The Commission aggregated the submitted information and posted the results on its website for the public and Legislature, thereby meeting the intent of the legislation to increase program funding transparency. Commission staff also provided data collected from the expenditure reports to the Controller.

The following information was aggregated from the expenditure reports submitted on October 1, 2018, by those cities and counties that received program funding for FY 2017-18.

Table 1
FY 2017-18 Local Streets and Roads Program: Road Maintenance and Rehabilitation Account Funding

<table>
<thead>
<tr>
<th>Preliminary Annual Project Expenditure Report – Statewide Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>537 Cities &amp; Counties RMRA Funds Total Received as of August 2018</strong></td>
</tr>
<tr>
<td>$386,448,137.00</td>
</tr>
<tr>
<td><em>Total is based on the revenues collected by the State from November 2017 to June 2018</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>4,354 Projects Reported in the Expenditure Report</strong></th>
<th><strong>3,654 Reported RMRA Funded Project Status</strong></th>
<th><strong>Estimated/Total Project Cost (Including RMRA Funds)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>190 (new projects)</td>
<td>1030 Completed</td>
<td>$205,203,598.44</td>
</tr>
<tr>
<td>3464 (original proposed projects)</td>
<td>937 In Progress</td>
<td>$1,060,142,879.13</td>
</tr>
<tr>
<td>700 (projects to be funded with non-RMRA funding sources)</td>
<td>1230 Carried Over into FY 18-19</td>
<td>$432,622,330.62</td>
</tr>
<tr>
<td>457 Forecasted for FY 19-20 or Later</td>
<td></td>
<td>$171,495,213.40</td>
</tr>
<tr>
<td>Estimated/Actual Total Project Costs for All Reported Projects</td>
<td></td>
<td>$1,869,464,021.59</td>
</tr>
</tbody>
</table>
Fiscal Year 2017–18 RMRA Funds Spent and Status of Projects as of June 30, 2018

<table>
<thead>
<tr>
<th>Component Type</th>
<th>RMRA Funds Spent</th>
<th># of Projects</th>
<th>Component Type</th>
<th>RMRA Funds Spent</th>
<th># of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$55,011,256.80</td>
<td>880</td>
<td>Construction</td>
<td>$59,204,219.49</td>
<td>605</td>
</tr>
<tr>
<td>Pre-Construction</td>
<td>$2,965,294.54</td>
<td>89</td>
<td>Pre-Construction</td>
<td>$14,216,676.04</td>
<td>320</td>
</tr>
<tr>
<td>Procurement/Operations</td>
<td>$3,711,382.84</td>
<td>61</td>
<td>Procurement/Operations</td>
<td>$935,875.06</td>
<td>12</td>
</tr>
<tr>
<td>Total Completed Projects</td>
<td>$61,687,934.18</td>
<td>1030</td>
<td>Total In-Progress Projects</td>
<td>$74,356,770.59</td>
<td>937</td>
</tr>
</tbody>
</table>

As noted in Table 1, the expenditure reports also show that cities and counties completed 1,030 projects in FY 2017–18 using approximately $61.6 million. These projects delivered the following outcomes with the funding they received from the Local Streets and Roads Program:

- Total miles paved: 1,624
- Total Miles of Striping or Paving Safety Improvements: 1,129
- Total Miles of Sidewalks or Crosswalks: 36
- Total Miles of Storm Drain or Culvert Repair: 87
- Total Miles of Bicycle Lanes: 54
- Total Number of ADA Curb Ramps Repaired: 930
- Total Number of ADA Curb Ramps Installed: 234

For FY 2018–19, the Commission adopted the initial list of eligible cities and counties in May 2018, followed by a subsequent list adopted in August. In total, the Commission deemed 538 cities and counties eligible to receive monthly Local Streets and Roads Program apportionments during the program’s second funding cycle, which is expected to total approximately $1.2 billion.

Additional information on the Local Streets and Roads Program, including detailed project lists and reports, is available on the Commission’s website at www.catc.ca.gov/programs/sb1/lsrp.
TRANSPORTATION ASSET MANAGEMENT PLAN

SB 486 (DeSaulnier, Chapter 917, Statutes of 2014) requires Caltrans, under Commission oversight, to develop a robust Transportation Asset Management Plan. The plan serves as the policy document that informs and guides transportation investment decision-making in the project selection process for the State Highway Operation and Protection Program (SHOPP). SB 486 allows Caltrans to develop the Transportation Asset Management Plan in phases, but requires its full implementation by the 2020 SHOPP.

A significant milestone was reached at the March 2018 Commission meeting with Commission approval of the California Transportation Asset Management Plan. The approved plan is consistent with the Transportation Asset Management Plan guidelines that the Commission adopted in June 2017. The plan also reflects state and federal laws, Governor’s Executive Orders, the California Transportation Plan, and current industry best-management practices. This approval, two years ahead of the 2020 deadline mandated in SB 486, came after the Commission had thoroughly reviewed the plan. The Transportation Asset Management Plan is posted on the Commission’s website at www.catc.ca.gov/programs/shopp.
Concurrent with Transportation Asset Management Plan approval, the Commission also took two additional actions resulting in the approval of:

1. Annual performance benchmarks for the four primary asset classes (pavement, bridges, culverts and traffic management system elements). These benchmarks serve as a starting point to measure and annually report on progress toward meeting the statutorily defined 10-year performance targets that SB 1 established for the four primary asset classes.

The 2027 performance targets that SB 1 established are:

- Pavement: 98% in good or fair condition; and not less than 90% level of service achieved for maintenance of potholes, spalls, and cracks
- Bridges: Fix an additional 500 bridges
- Culverts: 90% in good or fair condition
- Traffic Management Systems: 90% in good condition

2. Performance targets for supplementary asset classes on the state highway system:

<table>
<thead>
<tr>
<th>Supplemental Asset Class</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drainage pump plants</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Highway lighting</td>
<td>100%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Office buildings</td>
<td>60%</td>
<td>40%</td>
<td>0%</td>
</tr>
<tr>
<td>Overhead signs</td>
<td>100%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Roadside rest facilities</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Sidewalks and park and ride facilities</td>
<td>60%</td>
<td>40%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>ADA accessibility – Reduce current deficiency by 25%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation-related facilities</td>
<td>60%</td>
<td>40%</td>
<td>0%</td>
</tr>
<tr>
<td>Weigh in motion scales</td>
<td>90%</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>
The State Highway Operation and Protection Program (SHOPP) is a four-year portfolio of projects for rehabilitation and preservation, emergency repairs, safety improvements, and operational improvements on the state highway system. As defined in the Commission-adopted 2018 Fund Estimate, the 2018 SHOPP is funded through a combination of federal and state funds, including the Road Maintenance and Rehabilitation Account that SB 1 established.

The enactment of SB 486 and SB 1 increased the Commission’s duties and responsibilities related to the SHOPP. The Commission now adopts the SHOPP every two years upon finding that it is consistent with the approved Transportation Asset Management Plan, and approves all SHOPP amendments. The Commission also allocates funds to Caltrans for all SHOPP project development and support components (project approval and environmental document, right-of-way support, plans specifications and estimate, and construction support).

As required by SB 1, the Commission held two SHOPP hearings, one in Northern and one in Southern California, prior to the adoption of the 2018 SHOPP. These hearings, and the Commission finding of consistency with the Transportation Asset Management Plan, were required prior to the Commission’s March 2018 adoption of the 2018 SHOPP. The adopted 2018 SHOPP is an $18 billion program covering FY 2018-19 through FY 2021-22. The Commission transmitted the adopted 2018 SHOPP to the Governor and the Legislature prior to the mandated April 1 deadline.
During FY 2017–18, the Commission allocated the following:

- $2.2 billion to 226 SHOPP projects for capital improvements.
- $1.3 billion to 1,243 SHOPP project support phases.
- $106 million for right-of-way acquisitions.
- $160 million for minor projects (those with construction costs of $1.25 million or less).

The 2018 SHOPP is available on the Commission’s website at www.catc.ca.gov/programs/shopp.

The continued recovery from the nearly $1 billion in damage that the state highway system endured during the harsh winter of FY 2016–17, and the additional damage caused by the summer fires and winter storms of FY 2017–18, impose continuing demands on the SHOPP. The permanent restoration work necessary to return the state highway system to pre-damage conditions from the past two years of storm damage will continue into future years.

In October 2017, to ensure near-term progress toward achieving the targets that SB 1 requires, the Commission collaboratively with Caltrans stipulated that the Transportation Asset Management Plan must include intermediate annual benchmarks. Caltrans is required to report to the Commission on expenditures and progress toward achieving these performance targets. Every year, the Commission must evaluate Caltrans’ effectiveness in reducing deferred maintenance, as well as the improvement in road conditions on the state highway system, as demonstrated by the progress made toward the performance targets described in the Transportation Asset Management Plan. The Commission may make recommendations for improvement and may withhold future project allocations if it determines that program funds are not being appropriately spent.

In October 2018, pursuant to Government Code Section 14526.7(b) and Streets and Highways Code Section 2032.5, Caltrans reported to the Commission on progress made in meeting the performance targets for the state highway system established by SB 1. Pursuant to statute, Commission staff utilized this information to evaluate Caltrans’ effectiveness in meeting the targets, reducing deferred maintenance, and improving road conditions on the state highway system.

The table below summarizes the key information presented by Caltrans on the progress made in achieving the annual performance benchmarks for 2017-2018:

<table>
<thead>
<tr>
<th>Progress Toward 2017-18 Annual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benchmarks</strong></td>
</tr>
<tr>
<td>Pavement* - Percent in good or fair condition</td>
</tr>
<tr>
<td>Class 1</td>
</tr>
<tr>
<td>Class 2</td>
</tr>
<tr>
<td>Class 3</td>
</tr>
<tr>
<td>Culverts - Percent in good or fair condition</td>
</tr>
<tr>
<td>Traffic Management System units - Percent in good condition</td>
</tr>
</tbody>
</table>
* Class 1 includes interstates, other principal arterials, and urban freeways and expressways, (52% of the state highway system). Class 2 includes rural freeways and expressways, and minor arterials (34% of the state highway system). Class 3 includes major and minor collector routes (14% of the state highway system).

As reported by Caltrans, it has met the approved benchmarks for Class 1 and 2 pavements, culverts, and traffic management system units. Achieving these benchmarks is evidence of progress toward reducing deferred maintenance and improving road conditions on the state highway system. Caltrans did not achieve the benchmark for Class 3 pavements; however, the level achieved is within the identified range of uncertainty.

In the spring of 2019 Caltrans expects to report on the target of achieving not less than 90% level of service for the maintenance of potholes, spalls, and cracks. Caltrans has developed the framework to assess the target of fixing not less than an additional 500 bridges. This includes defining “fix” and determining the historic baseline number of bridges fixed to calculate the number of additional bridges fixed. Additionally, an important step in achieving the performance targets for culverts is identifying and developing an inventory of the existing culvert assets. Caltrans is working to develop this inventory and has dedicated several dozen staff members to this effort.

Regarding bridges, the Federal Highway Administration established a performance measure based not on the number of bridges repaired but on the percent of bridge deck area classified as in good condition. Caltrans did not achieve the benchmark for bridges in good condition but indicated that the long-term trend is toward achieving the 10-year target of 83.5%.

Based on the information and analysis presented by Caltrans to date, on December 5, 2018, the Commission found that intermediate annual benchmarks established in the adopted Transportation Asset Management Plan are being met and that progress is being made toward achieving the overall 2027 system performance targets established by SB 1. The Commission also determined that Caltrans has established effective management tools and procedures that will promote overall success in meeting the SB 1 performance targets.
The State Transportation Improvement Program (STIP) is adopted by the Commission and dedicates certain state transportation funds over a five-year period to improvements on state highways, intercity rail, local roads, and transit infrastructure. State law requires the Commission to update the STIP biennially, in even-numbered years, with each new STIP adding two new years to prior programming commitments. The Commission adopted the 2018 STIP in March 2018.

STIP funding comes primarily from the State Highway Account, Federal Surface Transportation Program funds, and, to a limited degree, Public Transportation Account funds.

For FY 2017-18, the allocation capacity, or amount of funding available, was $327 million. The Commission allocated $313.5 million to 116 STIP projects. These projects included those programmed in FY 2017-18, those with allocation extensions expiring in FY 2017-18, and projects programmed in future years that were ready to begin construction in FY 2017-18.

The STIP allocation capacity for FY 2018-19 is estimated at $501 million. This is expected to be sufficient for all projects programmed in the fiscal year, as well as projects with time extensions from prior years to FY 2018-19.
**Fund Estimate**

In May 2017, the Commission approved the 2018 STIP Fund Estimate methodology and assumptions. The Commission adopted the 2018 STIP Fund Estimate, covering the five-year period of FY 2018-19 through FY 2022-23, at its August 2017 meeting.

The Fund Estimate forecasted additional program capacity of $2.198 million for the five-year period. This capacity is made up of State Highway Account funds, federal funds, and a small amount of Public Transportation Account funds. As reflected in Table 2, Public Transportation Account funds were limited to $75 million during the five-year STIP period.

Table 2 reflects an estimated STIP target capacity of $3.58 billion during the six-year period including FY 2017-18.

**Table 2**

<table>
<thead>
<tr>
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<tbody>
<tr>
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<td>$15</td>
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<td><strong>$580</strong></td>
<td><strong>$655</strong></td>
<td><strong>$675</strong></td>
<td><strong>$685</strong></td>
<td><strong>$685</strong></td>
<td><strong>$3,580</strong></td>
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</tbody>
</table>

**2018 STIP Guidelines**

In August 2017, the Commission adopted the 2018 STIP guidelines. The guidelines include the schedule for the development and adoption of the 2018 STIP and other relevant information and requirements. These guidelines also included a discussion of the negative program capacity for the Public Transportation Account (-$159 million). Due to the negative capacity, currently programmed transit projects must be delivered with other STIP funds (if eligible for State Highway Account or federal funds) or be deprogrammed.

Per statutory requirements, following receipt of Caltrans’ Draft Interregional Transportation Improvement Program, the Commission held hearings in Northern and Southern California to receive comments on the draft. Following receipt of the Regional Transportation Improvement Programs and the finalized Interregional Transportation Improvement Program, the Commission held hearings to receive comments in Southern and Northern California during January and February 2018, respectively.

**2018 STIP**

In March 2018, the Commission adopted the 2018 STIP for FY 2018-19 through FY 2022-23. In May, the Commission approved additional technical changes. The 2018 STIP programmed $2.182 billion in new projects for the regional transportation planning agencies and Caltrans. Of that, $444 million, or 20 percent, was programmed to rail and transit projects.
The total adopted program of approximately $4 billion includes $3 billion in highway and road projects, $698 million in rail and transit projects, and $178 million in Advance Project Development Element projects. Advance Project Development Element shares permit an advance of county or interregional shares to two STIP project development components: (1) environmental and permits and (2) plans, specifications and estimates. Projects programmed using Advance Project Development Element shares are identified and tracked separately as advances that will count against future county or interregional shares.

The Commission anticipates its $4 billion investment in the STIP will deliver a wide range of infrastructure improvements, including:

- 325 lane-miles of new HOV/HOT lanes
- 339 new buses
- 117 new light rail vehicles
- 150 rail or transit station improvements
- 120 lane-miles of rehabilitated local roads
- 71 lane-miles of new bicycle lanes
- 62 lane-miles of new roads
- 8 grade separations
- 8 new bridges; repair or replacement of 67 others

### 2018 Report of County and Interregional Share Balances

Section 188.11 of the Streets and Highways Code requires the Commission to maintain a record of County and Interregional Share STIP balances, and to make the balances through the end of each fiscal year available for review no later than August 15 of each year.

In August 2018, the Commission released the 2018 Report of STIP Balances, County, and Interregional Shares. The report includes all allocations and other Commission actions pertaining to the 2018 STIP approved through June 2018. STIP project listings are divided into two distinct categories: highway projects, and rail and transit projects. The balances in the report are based on the capacity identified through FY 2022–23 in the 2018 STIP Fund Estimate.

The 2018 STIP Balances, County, and Interregional Shares Report can be found on the Commission’s website at [www.catc.ca.gov/programs/stip](http://www.catc.ca.gov/programs/stip).

### STIP Project Delivery

The Commission tracks project allocations as scheduled in the STIP. For Caltrans projects, the Commission allocates project funding only for construction capital and construction support on a per-project basis. The Commission also allocates right-of-way capital funds to Caltrans on an annual lump sum basis, for further sub-allocation by Caltrans to specific project activities. The Commission does not allocate funds for Caltrans pre-construction activities (environmental and design work) or right-of-way support on a per-project basis.
The Active Transportation Program is a competitive statewide grant program created to encourage increased use of active modes of transportation, such as biking and walking. The Active Transportation Program is essential to achieving California’s sustainability goals and Caltrans’ specific goals of tripling bicycle trips and doubling walking trips by 2020.

SB 99 (Committee on Budget and Fiscal Review, Chapter 359, Statutes of 2013) and AB 101 (Committee on Budget, Chapter 354, Statutes of 2013), which created the Active Transportation Program, outline the following goals for the program:

- Increase the proportion of biking and walking trips;
- Increase safety and mobility for non-motorized users;
- Advance efforts of regional agencies to achieve greenhouse gas reduction goals;
- Enhance public health, including the reduction of childhood obesity through projects such as Safe Routes to Schools;
- Provide a broad spectrum of projects to benefit many types of active transportation users; and
- Ensure that disadvantaged communities fully share in the benefits of the program.
Funding for the Active Transportation Program is divided into three components, as follows:

1. 50% for statewide distribution;
2. 40% for metropolitan planning organizations’ distribution; and
3. 10% for small urban, and rural communities.

The Commission adopts Active Transportation Program guidelines, project scoring criteria, and a fund estimate. In addition, the Commission oversees the Active Transportation Program grant application evaluation process, adopts eligible projects, establishes and maintains a project contingency list for the small urban and rural component, allocates funds to projects, and annually reports to the Legislature on the overall progress of the Active Transportation Program in achieving its statutorily specified goals.

Created in 2013, the Active Transportation Program was initially funded at approximately $123 million annually. As Table 3 shows, however, this funding level fulfilled only about a third of the requests in the program’s first three cycles. The Legislature, upon recognizing that the program was underfunded, authorized additional funding through two bills. AB 1613 (Committee on Budget, Chapter 23, Statutes of 2016) was a one-time appropriation of $10 million from the Greenhouse Gas Reduction Fund, and SB 1 adds $100 million more annually to the program beginning in FY 2017–18.

The Active Transportation Program reached several notable milestones in FY 2017–18. The Commission adopted the Greenhouse Gas Reduction Fund Program; the 2017 Active Transportation Program Augmentation Program; the California Conservation Corps Guidelines and Program; and the 2019 Active Transportation Program Guidelines and Fund Estimate. Additionally, the Active Transportation Program’s Technical Advisory Committee has given ongoing guidance to Caltrans and Commission staff regarding complex program and project delivery issues. Lastly, the Commission, in conjunction with Caltrans, has continued to administer the Active Transportation Program project scope change process to ensure that implementing agencies deliver the promised project benefits when responding to unforeseen project delivery challenges.

In August 2017, the Commission adopted the program of projects for the Active Transportation Program — Greenhouse Gas Reduction Fund. The only project types eligible for these funds were new, paved bicycle and pedestrian facilities and expansions of existing bike share programs. Statute requires projects receiving these funds to achieve greenhouse gas reductions and advance the objectives of AB 32 (Nuñez, Chapter 488, Statutes of 2006), the California Global Warming Solutions Act of 2006. The Commission received 27 project applications and coordinated with Caltrans and the California Air Resources Board to evaluate them. Three projects, valued at $16.2 million in total project costs, were selected to receive the $10 million in Greenhouse Gas Reduction funding. In accordance with statute and the California Air Resources Board’s Cap and Trade Funding Guidelines, $7.1 million (71%) of the Active Transportation Program — Greenhouse Gas Reduction funding is dedicated to projects that will benefit disadvantaged communities.

The 2017 Active Transportation Program Augmentation was funded from approximately $200 million that SB 1 authorized for FY 2017-18 and 2018-19. The Augmentation program advanced previously awarded projects so they could begin sooner than originally anticipated and funded new, high-ranking projects that were not programmed in the 2017 Active Transportation Program. The new SB 1 funds were awarded as follows:
• Statewide Augmentation Component
  » 17 projects advanced
  » 54 new projects, valued at $135 million
    ° 31 Safe-Routes-to-School projects, valued at $54 million
    ° 52 projects benefiting disadvantaged communities, valued at more than $97 million

• Small Urban and Rural Augmentation Component
  » 5 projects advanced
  » 9 new projects, valued at more than $18 million
    ° 3 Safe-Routes-to-School projects, valued at more than $4 million
    ° 8 projects benefiting disadvantaged communities, valued at nearly $18 million

• Metropolitan Planning Organization Augmentation Component
  » 30 projects advanced
  » 57 new projects, valued at more than $74 million
    ° 25 Safe-Routes-to-School projects, valued at more than $20 million
    ° 51 projects benefiting disadvantaged communities, valued at $70 million

In June 2017, AB 97 (Ting, Chapter 14, Statutes of 2017) authorized $4 million per year for five years in state Active Transportation Program funds for the California Conservation Corps (Corps) and Certified Local Community Conservation Corps programs. In March 2018, the Commission adopted guidelines for use in administering the Corps’ competitive selection process. The Corps solicited and scored applications with the criteria outlined in the approved guidelines. In August 2018, the Commission adopted the final, amended Corps’ program of projects for FY 2017–18 and 2018–19 totaling $8 million for 37 projects, including more than $5 million for 24 projects that benefit disadvantaged communities and more than $4 million for 19 Local Community Conservation Corps projects.

From October 2017 to April 2018, the Commission held 10 stakeholder workshops to initiate development of the 2019 Active Transportation Program. The purpose of these workshops was to consider revisions to the program guidelines and application process. The workshops resulted in several major revisions, including:

• Instituting different application forms for each project type and size so applicants may now choose from one of five available application forms;

• Making a full four years of programming capacity available; and

• Aligning project reporting requirements with the SB 1 Accountability and Transparency Guidelines.

In May 2018, the Commission adopted the 2019 Active Transportation Program Guidelines, along with a Fund Estimate of approximately $446 million for the 2019 cycle (FY 2019–20 through 2022–23). A call for projects occurred immediately after guideline adoption.

During the past few years, the Commission has worked closely with Caltrans and the Active Transportation Program Technical Advisory Committee (Committee). The Committee
membership is composed of active transportation infrastructure owners, operators, and maintainers, stakeholders, and those who implement active transportation education, enforcement, and encouragement (non-infrastructure) projects. The overall mission of the Committee is to maximize the program’s effectiveness in meeting the goal of increasing use of active transportation, including, for example, defining ineligible project costs, the scope of the Active Transportation Resource Center, and the application evaluation process. The Commission also closely collaborates with regional agencies to improve Active Transportation Program delivery and project scope consistency.

Table 3

<table>
<thead>
<tr>
<th>ACTIVE TRANSPORTATION PROGRAM (ATP) THROUGH FISCAL YEAR 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of applications submitted</td>
</tr>
<tr>
<td>Total ATP funds requested</td>
</tr>
<tr>
<td>Number of projects programmed</td>
</tr>
<tr>
<td>Total funds programmed</td>
</tr>
</tbody>
</table>

¹ GGRF: Greenhouse Gas Reduction Fund
² CCC: California Conservation Corps
³ 2017 Augmentation: Only applications originally submitted for Cycle 3 were eligible for consideration in the 2017 Augmentation

Based on information that project applicants submitted, the Commission anticipates its $1.2 billion total investment across all cycles of the Active Transportation Program will achieve the following:

- Increase bicycle usage by 175% in the vicinity of completed projects
- Increase pedestrian traffic by 46% in the vicinity of completed projects

Additional information on the Active Transportation Program, including project lists and program guidelines, is available on the Commission’s website at www.catc.ca.gov/programs/atp.
ENHANCED COORDINATION AND COMMUNICATION

The Commission continued to coordinate with federal, state, regional, and local partners throughout the year in addition to engaging community members and stakeholders statewide. The Commission fostered enhanced coordination and communication through a variety of forums, from meetings with government partners, to rural town hall meetings and workshops with stakeholders and community-based organizations around the state. The purpose of this section is to highlight the significant outreach activities that the Commission conducted to better understand transportation issues across our large and diverse state.

Joint Meetings with the Air Resources Board

This year, the Commission held its first joint meetings with the California Air Resources Board. As established by AB 179 (Cervantes, Chapter 737, Statutes of 2017), the purpose of these meetings is to coordinate the implementation of transportation programs and policies, including interagency efforts. These activities may include but are not limited to: implementation of the Sustainable Freight Action Plan; development of the California Transportation Plan; and setting greenhouse gas emission reduction targets for Regional Transportation Plans.
In June 2018, more than 100 people attended the inaugural meeting, including public and private transportation stakeholders, as well as community members and advocates. This meeting was designed to build a foundation for future, more focused meetings, and included presentations on each agency’s mission and programs, and recommended areas for coordination and collaboration.

**Tri-State Commission Meeting: Oregon, Washington, and California**

In August 2018, the Commission hosted a Tri-State Commission meeting with the Oregon Transportation Commission and the Washington Transportation Commission to explore the potential impacts of changing transportation technologies. Specific topics addressed at the meeting included state-by-state updates on assessment of road usage charges, disruptive trends in transportation, California's autonomous vehicles testing program, and how the growth of e-commerce and ride-hailing services is reshaping cities. These joint meetings provide a unique and ongoing opportunity for information sharing and for the Commissioners from each state to discuss transportation areas of mutual interest. The next Tri-State meeting will be held in 2019.

**AB 1282 Permitting Task Force**

In 2017, the Legislature passed and the Governor signed AB 1282 (Mullin, Chapter 643, Statutes of 2017), which requires the establishment of a Transportation Permitting Task Force. The Task Force is responsible for developing a structured coordination process for early engagement of all agencies in the development of transportation projects to reduce the permit process time and to clarify permit approval requirements.

The Commission has been an active member of the AB 1282 Task Force since its inception in April 2018. Through continued involvement, the Commission participates in identifying more efficient permitting to reduce the expenditure of time and agency resources, as well as more effective permitting that will lead to better environmental and transportation outcomes consistent with state mandates. The task force continues to make progress in selecting pilot projects statewide, analyzing existing project development and permitting processes, testing improvement strategies, and identifying metrics to evaluate the effectiveness of each pilot effort to improve project delivery. The task force expects to meet the December 1, 2019, deadline to submit to the Legislature a report that identifies new strategies for coordination and includes budget and legislative recommendations.

**SB 350 Task Force**

SB 350 (de Leon, Chapter 547, Statutes of 2015) requires the California Public Utilities Commission to focus energy procurement decisions on reducing greenhouse gas emissions 40% by 2030, including efforts to achieve at least 50% renewable energy procurement, doubling of energy efficiency, and promoting transportation electrification. SB 350 also directs the California Air Resources Board to examine the barriers that low-income residents must overcome to increase access to zero-emission and near zero-emission transportation and mobility options, and to develop recommendations on how to overcome these barriers. The Commission-administered Active Transportation Program is a key program that promotes the
clean-energy objectives of SB 350 through reducing greenhouse gas emissions by increasing biking and walking, enhancing public health, and investing in disadvantaged communities throughout California. The Commission has integrated SB 350 supportive policies into its program guidance, most recently through Cycle 4 of the Active Transportation Program and the 2018 Comprehensive Multimodal Corridor Plan Guidelines adopted in December. In addition, Commission staff has regularly participated in state agency coordination meetings, and will continue to stay engaged and will incorporate SB 350-supportive policies within the programs and policy documents under its purview.

**Housing and Transportation**

To encourage coordination among state agencies involved in setting statewide policy for transportation and housing, the California State Transportation Agency and the California Business, Consumer Services, and Housing Agency hold coordination meetings regularly. The purpose of these meetings is to institutionalize ongoing interagency connections, share data and information, and enhance integrated planning and investment. The Commission’s Executive Director serves on the Steering Committee for this effort and the Commission staff regularly participates in the Housing and Transportation Coordination Workgroup meetings.

The California Department of Housing and Community Development Director also shared information and perspective at two Commission meetings this year, including an overview of the 2018 California Housing Assessment Plan Report.

**Improving Healthcare Outcomes through Transportation**

The Commission recognizes that sound transportation policies can also improve public health outcomes for California’s diverse communities. By partnering with various stakeholders, the Commission continued, in 2018, to advance the state’s goals in creating healthier communities that integrate safety improvements in active transportation as well as long-range planning for a sustainable environment.

The Commission partnered with the California Department of Public Health and the Health and Human Services Agency to advance the state’s goals through the Health in All Policies Initiative. Established through Executive Order S-04-10 in 2010, this program emphasizes a collaborative approach to improving the health of all people by incorporating health, equity, and sustainability considerations into decision-making across sectors and policy areas, and includes various departments, agencies, and offices from across state government. The Commission provided data on active transportation, shared best practices from the Active Transportation Program’s Technical Advisory Committee, and participated in planning future collaborations.

Additionally, in 2017 and 2018, the Commission included planning practice information to promote the consideration of public health objectives in the Regional Transportation Plan Guidelines and the Comprehensive Multimodal Corridor Plan Guidelines.
Environmental Justice and Social Equity Meetings

The Commission continues to collaborate with a diverse set of stakeholders, including those that represent environmental justice and social equity. By attending and hosting a series of workshops, listening sessions, and meetings throughout the state, the Commission heard from community members and advocates to better understand transportation justice issues and determine how the Commission can assist in providing information and technical assistance, and in responding to different needs. These meetings were held in numerous locations across California and included teleconference calls with organizations representing various areas of the state, from the Southern and Inland Empire regions, to the Central Valley, and Northern California. The primary purpose of these meetings was to receive direct feedback from these communities and identify follow-up action items such as future educational workshops, sharing resources, and continued coordination with stakeholders and advocates to help foster an ongoing, transparent line of communication.

Rural Town Hall Meetings

Every year, the Commission participates in two town hall meetings in rural areas of the state. These meetings allow Commissioners to learn and understand transportation issues of importance to rural communities. Regional transportation agencies organize and lead the town hall meetings. This year, the Commission attended a town hall meeting in Santa Rosa, which addressed transportation issues in Lake, Mendocino, and Sonoma Counties. The discussion focused on safety and operational efficiencies that are needed to promote freight mobility as well as multimodal connectivity in rural and suburban communities. Barriers associated with community economic distress factors such as low education levels, lack of high-paying jobs, and recovery from recent wildfires were also discussed. Another town hall meeting was held in Gonzales, in the agriculturally rich Salinas Valley in rural Monterey County. The discussion focused on transportation safety and access issues unique to the area's agriculturally based economy and workforce, and included topics related to housing and transportation for agricultural workers, safety at several key intersections along the U.S. 101 corridor, as well as critically needed educational and job training opportunities for youth in the community. The town hall meetings also featured a tour of key transportation projects and important regional transit enhancements.

SB 1 Program and General Outreach

The Commission continued to engage community members and stakeholders throughout the state, conducting a variety of workshops and meetings, as well as attending various events held by partners in different sectors. Many of these meetings were held with a focus on implementing SB 1 as efficiently and effectively as possible. In the past year alone, the Commission convened more than 40 workshops to solicit ideas and observations to guide development of the various SB 1-funded program and accountability guidelines. Workshop attendees included representatives of state and federal agencies, tribal governments, and regional and local agencies, as well as environmental, social equity, land-use, business, public health, and other stakeholders. In addition, Commission staff consulted with stakeholders, as necessary, outside of the workshops to convey information to those who were unable to attend, and to respond to follow-up inquiries. The Commission made information regarding meeting agendas, minutes, and follow-up meetings available to the public on its website to ensure that those who were unable to attend could still participate in policy discussions.
To ensure that Commission meetings and information are accessible to those who do not work in the transportation industry, the Commission continues to invite various community members to participate in stakeholder meetings. These open-dialogue sessions offer an opportunity to ask questions and to educate the public on the transportation programs within the Commission’s purview, as well as on transportation planning and funding in general.

The Commission values the input of all public, private, special interest, and other stakeholders, and is committed to ensuring that a diversity of thought and opinion is respectfully reflected through a transparent process.

**Project Delivery Workshop**

The Commission held two of what will be a series of regularly occurring project delivery workshops. These workshops are intended to expand understanding of Caltrans’ internal program and project delivery processes. The workshops held in 2018 presented an opportunity for the Commission and the public to learn about Caltrans’ program and project management controls, capital estimating, risk management, and bidding environment. The workshops also served as a forum for the Commission and public to comment on delivering future projects in a timely and cost-effective manner. Caltrans was able to share its improvements in cost estimating and risk-quantifying methods, while taking reasonable risks and mitigating unknown conditions in completing its projects. Information and comments obtained from these workshops will be used to inform the development of future educational sessions on other subjects, including Caltrans’ environmental process, transparent quarterly reporting, and more.
California is a nationally and internationally recognized leader in mitigating climate change. This leadership is evident in the Legislature’s passage of landmark legislation such as AB 32 (Nuñez, Chapter 488, Statutes of 2006) — the Global Warming Solutions Act of 2006; SB 375 (Steinberg, Chapter 728, Statutes of 2008) — the Sustainable Communities and Climate Protection Act of 2008; and SB 32 (Pavley, Chapter 249, Statutes of 2016) — the California Global Warming Solutions Act of 2006: emissions limit. Following these, other legislative requirements, and Governor’s Executive Orders, government agencies and the private sector have expended considerable time and resources to reduce emissions associated with climate change.

The Commission has placed proactively addressing climate change high on its list of priorities. This is evident in the policies and funding program guidelines the Commission has adopted. First and foremost, the Commission bases its decisions on statutory direction from the Legislature. Also, for the Commission to allocate funding for a specific transportation project, that project must be identified in an adopted Regional Transportation Plan; and for metropolitan planning organizations, an adopted Regional Transportation Plan that includes a sustainable communities strategy accepted by the California Air Resources Board.
Commission efforts to address climate change include the following:

**Government Coordination**

- During the past year, several high-level state agency representatives from the Department of Motor Vehicles, the Energy Commission, the Governor’s Office of Economic and Business Development, and the State Transportation Agency have made presentations to the Commission on various policy topics of mutual interest related to energy, transportation, and climate change.
- Following the passage of AB 179 (Cervantes, Chapter 737, Statutes of 2017), which became effective this past January, the Commission held two annual joint meetings with the California Air Resources Board to coordinate implementation of transportation policies. The first of these joint meetings was held in June, and the second meeting was held in December 2018.
- Informal meetings were held with the California Air Resources Board, California Energy Commission and California Public Utilities Commission to discuss energy, transportation, and climate policy areas of mutual interest.

**Planning for Mitigation and Adaptation**

- Promoted greenhouse gas emissions reduction through the development of statewide long-range transportation planning guidelines for Regional Transportation Plans and the California Transportation Plan that address the objectives of both SB 375 and SB 391 (Liu, Chapter 585, Statutes of 2009).
- Promoted strategies for climate adaptation in the Regional Transportation Plan Guidelines, California Transportation Plan Guidelines, and most recently, the Comprehensive Multimodal Corridor Plan Guidelines.

**Funding and Delivering Infrastructure that Addresses Climate Change**

- Achieving climate change goals is a consideration in all program guidelines that the Commission has adopted. Commission staff worked in consultation with the Air Resources Board staff during the development of funding program guidelines to help the state meet climate goals. Every applicant requesting funding for a program under the Commission’s purview must estimate greenhouse gas emission reductions to be achieved as a result of the project’s completion.
- Promoted electrification of the transportation system as outlined in the Governor’s 2018 Zero-Emission Vehicle Action Plan, and specific Commission action to allocate funding to Caltrans to implement the Caltrans-led electric vehicle charging station program throughout the state; and supported the “Charge Ahead California Initiative,” the agricultural worker vanpool program established by AB 2006 (Eggman, Chapter 364, Statutes of 2018).
- Programmed and funded projects that offer direct climate benefits. According to project applicants, some key projected benefits are broken down by program (adopted in 2018 unless otherwise noted) as follows:
  - Active Transportation Program¹
    - 175% increased bicycle usage in the vicinity of completed projects

¹Includes all ATP projects completed to date.
46% increased pedestrian traffic in the vicinity of completed projects

Local Partnership Program
- 18 million fewer tons of carbon dioxide emissions over 20 years
- 76 new buses
- 160 lane-miles of new bicycle lanes
- 38 miles of new passenger-commuter rail tracks

Solutions for Congested Corridors Program
- 2 million fewer tons of carbon dioxide emissions over 20 years
- 4 billion fewer vehicle miles traveled by 2040
- 5 new transit stations
- 18.7 million increased transit boardings by 2040
- 141 lane-miles of new HOV/HOT lanes

State Transportation Improvement Program
- 325 lane-miles of new HOV/HOT lanes
- 339 new buses
- 117 new light rail vehicles
- 71 lane-miles of new bicycle lanes

Trade Corridor Enhancement Program
- 4.8 million fewer tons of carbon dioxide emissions over 20 years
- 150 million hours idling time reduced at border crossings
- 89 lane-miles of new HOV/HOT lanes
Pursuant to SB 1077 (DeSaulnier, Chapter 835, Statutes of 2014) the Commission created a Road Charge Technical Advisory Committee in consultation with the Secretary of the Transportation Agency to study road charge alternatives to the gas tax and to make recommendations to the Secretary of the Transportation Agency on the design of a pilot program and the criteria to be used to evaluate the pilot program. The 15-member Technical Advisory Committee established by the Commission includes membership that represents the following technical and public interest areas:

- Telecommunications;
- Highway user groups;
- Data security and privacy;
- Privacy rights advocacy organizations;
- The social equity community;
- Regional transportation agencies;
- National research and policymaking bodies (including members of the Legislature); and
- Other relevant stakeholders.
In December 2015, the Technical Advisory Committee adopted its Road Charge Pilot Design and Evaluation Criteria Recommendations to help guide development of the pilot program. Caltrans designed the pilot program consistent with the Committee’s recommendations. The pilot program ran from July 2016 through March 2017, during which time the Road Charge Technical Advisory Committee received regular updates. By the end of the pilot program, more than 5,000 vehicles were enrolled, and 37 million miles were reported.

Following the completion of the pilot program, the California State Transportation Agency released a final report in December 2017. This final report contained an overview of the pilot program and identified next steps regarding further study of a road charge. The full 2017 Road Charge Pilot Program Final Report is available at www.californiaroadchargepilot.com/final-report.

The Technical Advisory Committee considered the Transportation Agency’s final report for purposes of advising the Commission. By many measures, the Technical Advisory Committee and the Commission see the Road Charge Pilot Program as a success. The pilot program, which demonstrated a possible long-term alternative to the per-gallon fuel tax, can create stability and ensure longevity for California’s transportation revenues. In addition to considering the Transportation Agency’s final report, the Technical Advisory Committee also heard from subject matter experts this past year regarding the feasibility of possible implementation of a road charge for zero-emission, commercial, and state government vehicles; and methods for administering a road charge program.

Transportation funding in California has changed dramatically since the Road Charge Technical Advisory Committee was created in 2014. SB 1 provided the state with a much-needed increase in funding for transportation infrastructure and lessened the need, in the short term, to find alternatives to the gas tax. However, in the coming years, it will be important for the Legislature to look beyond the next decade toward a future when reliance on gasoline and diesel fuels for transportation will decline dramatically. As required by SB 1077, the Commission developed several recommendations, listed below. As California moves away from a reliance on gasoline-powered cars, the Legislature will need to consider a more equitable and sustainable source of transportation funding in lieu of the current per-gallon fuel tax. When that time comes, the Legislature should consider the following recommendations:

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Direct the California State Transportation Agency to lead and develop a program, in consultation with the Road Charge Technical Advisory Committee, to implement a mandatory per-mile road charge requirement for government vehicles, autonomous vehicles, shared mobility, and zero-emission vehicles; and a phased-in voluntary road charge program for commercial vehicles. The road charge would replace existing per-gallon fuel charges, or zero-emission vehicle registration fees, for participating vehicles.

The California State Transportation Agency along with other state agencies should be required to work with relevant stakeholder groups through a phased-in process that is open to the public to develop a mandatory road charge program for all government vehicles, autonomous vehicles, shared mobility, and zero-emission vehicles, as well as a phased-in voluntary road charge program for commercial vehicles. This program would also include the identification of any equipment, on-board telematics, and software necessary or advisable for implementation, including for privacy and security. This identification project should review both existing commercial off-the-shelf products, innovative products, and academic research, including the use of encryption and similar technologies to mitigate privacy and security risks. The program
should not give existing vendors, including vehicle manufacturers, an unfair advantage over newer vendors or possibly superior technologies that may emerge during this multi-year project, keeping in mind that smart phones and similar devices may have a faster upgrade/innovation cycle than on-board telematics that last for the life of the vehicle.

The intent of this program would be to replace the existing per-gallon fuel charges, or zero-emission vehicle registration fees, with a per-mile road charge for participating vehicles. The Legislature should authorize the state to collect revenue at the level equivalent to the current fuel excise tax rate. Through communication and coordination with other states and the federal government, the California State Transportation Agency should develop a proposed strategy to address how federal fuel taxes could be incorporated into a per-mile road charge program.

The benefit of continued advancement of a road charge program will increase over time, especially in the latter half of the next decade as fuel efficiency and the number of zero-emission vehicles will increase dramatically. Prior to implementation of any road charge program, the California State Transportation Agency would need to ensure that critical policy issues have been addressed. These policy issues include but are not limited to: the specific per-mile fee and assurances that the road charge funds will replace existing per gallon fuel charges, be solely dedicated for transportation, and that the funding will be used in the same manner as existing fuel taxes.

The California State Transportation Agency also should begin planning for the implementation of a per-mile road charge program. The Agency should begin work on systems capable of supporting the implementation of a road charge program. Any systems must have the data capabilities and personal privacy protocols identified for further development or implementation of a road charge. Finally, the Legislature should require an annual report from the California State Transportation Agency on the progress of implementing a per-mile road charge program.

Additional considerations for this recommendation include:

- The road charge program may be administered by a private contractor, and the California State Transportation Agency should ensure that contracts for public-private partnerships shall have an open market for certification to administer road charge accounts.
- The road charge program should be coordinated with other departments within the California State Transportation Agency, including the Department of Motor Vehicles (DMV), the California Highway Patrol, and the California Department of Transportation (Caltrans). This may include but not be limited to monthly billing from the DMV, including both vehicle registration and per-mile road charge fees.
- Private account administrators may offer extra value-added services, including subscription services. The odometer reading and revenue collection will be included as a base service, covered by the program, and will not be an additional cost to the customer.
- Enable the state to receive the minimum driver and vehicle information necessary to collect revenue and provide for enforcement. This information may be limited to Vehicle Identification Number, odometer, and payment status, as determined by the California State Transportation Agency.
- Ensure driver privacy, incorporating recommendations regarding management of public and private access (including law enforcement) to data collected and stored for purposes of the road charge; the methodology must ensure protection of individual privacy rights.
pursuant to Section 1 of Article I of the California Constitution - even, and especially, when data about California drivers may be transmitted to or accessible by other states or private actors in other states that fall short of or lack California’s statutory and constitutional protections for privacy. In addition, any collection and storage systems must conform to current requirements for cybersecurity and safety, such as those outlined in the National Institute of Standards and Technology.

- Successful implementation of a road charge program requires an effort to inform the public on the potential benefits in instituting a road charge. The University of California Institute of Transportation Studies should be tasked with assisting in this effort.

**Assess the need for requiring all new vehicles registered for personal or commercial use in California to be equipped with telematics capable of transmitting vehicle information, including the current odometer reading, necessary to institute a road charge program.**

The Commission recommends that the Legislature direct the California State Transportation Agency to assess the need for and define a time frame to establish data standards. This should be done in consultation with vehicle manufacturers, as well as data security and privacy rights experts, and relevant stakeholder groups to ensure that all new vehicles are equipped with the necessary telematics to implement a road charge in the future.

One of the larger barriers to future implementation of a road charge will be the need to standardize the data stream that is produced by all vehicle manufacturers. The Legislature should require state agencies to work with the automotive industry to develop and adopt standard equipment and data formats that can be used across jurisdictions and in an open-source system of public-private partnerships. Requiring the use of this equipment will prepare all vehicles for implementation and create a platform for developing data standardization. The Legislature should also recognize that the standards process has many implications for competition between vehicle manufacturers who can embed telematics into their vehicles, and post-sale vendors of smart phones or other “plug-in” devices that cannot function without access to onboard data.

**The California State Transportation Agency should build upon prior research from the 2017 California Road Charge Pilot Program and work with the University of California to conduct an evaluation of the potential impacts to disadvantaged communities resulting from a transition to a per-mile road charge program.**

In partnership with the University of California, the California State Transportation Agency should conduct an evaluation of the potential impacts to disadvantaged communities resulting from a transition to a per-mile road charge program and seek input from stakeholders knowledgeable in this area. This evaluation would help the Legislature determine if a potential road charge program would have a positive, negative, or no direct impact to disadvantaged communities.
THE SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT FOR THE 21ST CENTURY (PROPOSITION 1A)

In November 2008, California voters approved Proposition 1A, also known as The Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. Proposition 1A authorized the Commission, upon appropriation by the Legislature, to allocate funds for capital improvements to intercity rail lines, commuter rail lines, and urban rail systems that provide direct connectivity to the high-speed train system, or that provide capacity enhancements and safety improvements. The Commission is responsible for programming and allocating the net proceeds received from the sale of $950 million in bonds authorized by Proposition 1A.

With $19 million set aside for bond costs, $931 million is available for Commission allocation.

The Commission allocated more than $846.5 million for Proposition 1A projects through June 2018, with more than $20.8 million allocated in FY 2017-18. Approximately $84.5 million in Proposition 1A funds remain unallocated.
The Highway Safety, Traffic Reduction, Air Quality, and Port Security Act of 2006, which voters approved as Proposition 1B, authorized the issuance of $19.9 billion in state general obligation bonds. Proposition 1B requires the Commission to program and allocate approximately $12 billion of that funding to specific transportation programs intended to relieve congestion, facilitate goods movement, improve air quality, and enhance the safety of the state’s transportation system. These transportation programs (collectively, the Proposition 1B Programs) include the following:

- Corridor Mobility Improvement Account;
- State Route 99 Corridor Account;
- Trade Corridors Improvement Fund;
- State-Local Partnership Program;
- Local Bridge Seismic Retrofit Account;
- Highway-Railroad Crossing Safety Account;
• Public Transportation Modernization, Improvement, and Service Enhancement Account;
• Traffic Light Synchronization Program; and
• The augmentation of the existing State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP).

Consistent with the requirements of Proposition 1B, the Commission programs and allocates bond funds in each of the above-mentioned programs, except for the Public Transportation Modernization, Improvement, and Service Enhancement Account.

As of the end of FY 2017–18, the Commission allocated approximately $11.69 billion of the $12 billion in bond funds programmed under its purview. With almost all Proposition 1B funds allocated, and most of the allocated projects either constructed or nearing completion, the Commission continues to monitor progress of the projects through the close-out phase of the program. As projects are completed, the Commission is working with Caltrans and project sponsors to determine the degree to which benefits identified at the time of programming have been achieved. Although, for many of the projects, the benefits will not be immediately identifiable, the Commission will continue to monitor them and require that project sponsors report the benefits achieved over time. In addition, the Commission continues to consult with Caltrans to ensure that the annual Caltrans audit plan includes bond-funded projects. Status reports for Proposition 1B programs and projects can be found at www.bondaccountability.dot.ca.gov.

Proposition 1B was viewed as a building block for our future. More than a decade later, SB 1 builds upon these programs and their success.

**Corridor Mobility Improvement Account**

Proposition 1B also authorized $4.5 billion in general obligation bond proceeds to be deposited in the Corridor Mobility Improvement Account. Funds in the Corridor Mobility Improvement Account are available for performance improvements on the state highway system, or major local access routes to the state highway system, that relieve congestion by expanding capacity, enhancing operations, or otherwise improving travel times within highly congested travel corridors.

As of the end of FY 2017–18, the Commission allocated more than $4.4 billion to 129 Corridor Mobility Improvement Account projects. The remaining $23 million of Corridor Mobility Improvement Account funding includes $20 million reserved for bond administration and $3 million in project construction savings. Of the 129 allocated projects, 117 projects have been completed and 12 projects remain under construction. In FY 2017–18, two construction projects totaling more than $94 million were completed. Table 4 summarizes the allocated Corridor Mobility Improvement Account projects, projects under construction, and projects completed by fiscal year.
### Table 4

**Corridor Mobility Improvement Account (CMIA) Projects and Dollars by FY of Allocation (millions)**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Allocated CMIA Projects</th>
<th>Projects Under Construction</th>
<th>Completed Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>Total Project Cost</td>
<td>CMIA Funds</td>
</tr>
<tr>
<td>07-08</td>
<td>11</td>
<td>$1,049.27</td>
<td>$663.60</td>
</tr>
<tr>
<td>08-09</td>
<td>17</td>
<td>$2,610.88</td>
<td>$1,153.51</td>
</tr>
<tr>
<td>09-10</td>
<td>18</td>
<td>$960.38</td>
<td>$437.88</td>
</tr>
<tr>
<td>10-11</td>
<td>14</td>
<td>$927.12</td>
<td>$115.81</td>
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<tr>
<td>11-12</td>
<td>63</td>
<td>$4,137.14</td>
<td>$2,015.61</td>
</tr>
<tr>
<td>12-13</td>
<td>6</td>
<td>$2,681.01</td>
<td>$90.56</td>
</tr>
<tr>
<td>13-14</td>
<td>19</td>
<td>$968.58</td>
<td>$395.28</td>
</tr>
<tr>
<td>14-15</td>
<td>19</td>
<td>$1,575.73</td>
<td>$581.34</td>
</tr>
<tr>
<td>15-16</td>
<td>27</td>
<td>$1,716.88</td>
<td>$701.98</td>
</tr>
<tr>
<td>16-17</td>
<td>11</td>
<td>$1,239.57</td>
<td>$526.90</td>
</tr>
<tr>
<td>17-18</td>
<td>2</td>
<td>$255.04</td>
<td>$94.17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>129</td>
<td><strong>$12,365.79</strong></td>
<td><strong>$4,476.97</strong></td>
</tr>
</tbody>
</table>

A total of 90 corridor projects in CMIA are reflected in 129 project segments. This report reflects the available data as of June 30, 2018. Figures may not sum up due to rounding.

### State Route 99 Corridor Account

Additionally, Proposition 1B authorized $1 billion in general obligation bond proceeds to be deposited in the State Route 99 Account. Funds in the State Route 99 Account may be used for safety, operational enhancement, rehabilitation, or capacity improvement projects on the corridor, which crosses approximately 400 miles of the state’s Central Valley. The Commission programmed 24 State Route 99 corridor projects. Some of the corridor projects are constructed in stages, thus resulting in 28 individual project segments. Including non-bond fund sources, the State Route 99 corridor projects are valued at more than $1.3 billion.

As of the end of FY 2017–18, the Commission allocated nearly $962 million to 28 State Route 99 projects. The remaining $38 million includes approximately $6 million reserved for bond administration and $32 million in project construction savings. Caltrans expects to use the $32 million in project savings to deliver two additional State Route 99 projects in FY 2018–19. Of the 28 allocated construction projects, 27 projects have been completed and one project remains under construction. In FY 2017–18, two construction projects totaling more than $165 million were completed. Table 5 shows the summary of the allocated State Route 99 projects, projects under construction, and projects completed by fiscal year.
Table 5

State Route 99 (SR-99) Program Projects and Dollars by FY of Allocation (millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Allocated SR-99 Projects</th>
<th>Projects Under Construction</th>
<th>Completed Projects</th>
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<tr>
<td></td>
<td># Total Project Cost</td>
<td>SR-99 Funds</td>
<td># Total Project Cost</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08-09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09-10</td>
<td>5</td>
<td>$187.93</td>
<td>$168.01</td>
</tr>
<tr>
<td>10-11</td>
<td>1</td>
<td>$38.35</td>
<td>$20.97</td>
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<td>11-12</td>
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<td>$657.36</td>
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<td>12-13</td>
<td>4</td>
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<td>13-14</td>
<td>2</td>
<td>$95.60</td>
<td>$48.63</td>
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<tr>
<td>14-15</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>15-16</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>16-17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17-18</td>
<td>1</td>
<td>$7.10</td>
<td>$5.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>$1,351.81</strong></td>
<td><strong>$961.89</strong></td>
</tr>
</tbody>
</table>

This report reflects the available data as of June 30, 2018. Figures may not sum up due to rounding.

Trade Corridors Improvement Fund

Proposition 1B authorized $2 billion in general obligation bond proceeds to be deposited in the Trade Corridors Improvement Fund. These funds are available for allocation to California infrastructure improvements along federally designated “Trade Corridors of National Significance” or along other corridors that have a high volume of freight movement. The funds may be used for the following types of projects:

- Highway capacity and operational improvements to more efficiently accommodate the movement of freight from seaports, land ports of entry, and airports to warehousing and distribution centers;
- Freight rail improvements to move goods from seaports and land ports of entry to warehousing and distribution centers throughout California;
- Truck corridor improvements, including dedicated truck facilities or truck toll facilities; and
- Border access improvements to enhance goods movement between California and Mexico.

Proposition 1B requires the Commission to allocate funds to projects that improve trade corridor mobility while reducing diesel particulate and other pollutant emissions.

The Commission proposed a strategy to increase the Trade Corridors Improvement Fund by moving $500 million from the State Highway Account (via the SHOPP Program) to fund state-level priorities that are critical to goods movement. This strategy was codified in AB 268 (Committee on Budget, Chapter 756, Statutes of 2008).
As of the end of FY 2017–18, the Commission programmed 101 projects in the Trade Corridors Improvement Fund program totaling $2.44 billion, and allocated $2.43 billion to 98 projects. Three projects programmed at $16.6 million remain unallocated. The remaining $55.3 million of available funding includes $47.4 million reserved for bond administration and $7.9 million in project construction savings.

Of the 98 allocated projects, 66 projects totaling $1.2 billion have been completed and 32 projects totaling $1.2 billion are under construction. In FY 2017–18, eight projects totaling more than $178.8 million were completed. Table 6 summarizes the programmed and allocated Trade Corridor Improvement Fund projects, projects under construction, and projects completed by fiscal year.

Table 6

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Allocated TCIF Projects</th>
<th>Projects Under Construction</th>
<th>Completed Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>Total Project Cost</td>
<td>TCIF Funds</td>
</tr>
<tr>
<td>07-08</td>
<td>1</td>
<td>$33.00</td>
<td>$4.95</td>
</tr>
<tr>
<td>08-09</td>
<td>4</td>
<td>$237.97</td>
<td>$108.12</td>
</tr>
<tr>
<td>09-10</td>
<td>2</td>
<td>$84.38</td>
<td>$25.27</td>
</tr>
<tr>
<td>10-11</td>
<td>8</td>
<td>$1,714.61</td>
<td>$466.86</td>
</tr>
<tr>
<td>11-12</td>
<td>19</td>
<td>$1,496.93</td>
<td>$620.21</td>
</tr>
<tr>
<td>12-13</td>
<td>25</td>
<td>$2,453.05</td>
<td>$778.94</td>
</tr>
<tr>
<td>13-14</td>
<td>14</td>
<td>$880.23</td>
<td>$333.71</td>
</tr>
<tr>
<td>14-15</td>
<td>8</td>
<td>$83.69</td>
<td>$42.95</td>
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<tr>
<td>15-16</td>
<td>9</td>
<td>$382.55</td>
<td>$63.34</td>
</tr>
<tr>
<td>16-17</td>
<td>3</td>
<td>$1,686.63</td>
<td>$24.23</td>
</tr>
<tr>
<td>17-18</td>
<td>5</td>
<td>$957.42</td>
<td>$15.09</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>$10,010.46</td>
<td>$2,425.47</td>
</tr>
</tbody>
</table>

Three projects with $16,628,000 in TCIF funds have not requested allocation. This report reflects the available data as of June 30, 2018. Figures may not sum up due to rounding.

Traffic Light Synchronization Program

Proposition 1B authorized $250 million in general obligation bond proceeds for the Traffic Light Synchronization Program, to fund the application of traffic light synchronization or other technology-based improvements to safely operate and effectively manage capacity of local streets and roads.

SB 88 (Committee on Budget, Chapter 181, Statutes of 2007) directed the allocation of $150 million from the Traffic Light Synchronization Program to the City of Los Angeles for upgrading and installing traffic signal synchronization within its jurisdiction. SB 88 also
designated the Commission as the administrative agency responsible for adopting guidelines and programming funds for the Traffic Light Synchronization Program.

The Commission programmed 22 traffic light synchronization projects for the City of Los Angeles and 59 traffic light synchronization projects for agencies other than the City of Los Angeles, for a total of 81 projects.

As of the end of FY 2017–18, the Commission allocated more than $242 million to 81 Traffic Light Synchronization Program projects. The remaining $7.7 million consists of $5 million reserved for bond administration and $2.7 million in project construction savings. Caltrans is working with agencies to identify projects that can utilize these savings. Of the 81 allocated projects, 77 projects have been completed and four remain in construction. In FY 2017–18, four projects totaling approximately $29 million were completed. Table 7 shows the summary of the programmed and allocated Traffic Light Synchronization Program projects, projects under construction, and projects completed by fiscal year.

Table 7

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Allocated TLSP Projects</th>
<th>Projects with Contracts Under Construction</th>
<th>Projects with Construction Contract Accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># Total Project Cost</td>
<td>TLSP Funds</td>
<td># Total Project Cost TLSP Funds</td>
</tr>
<tr>
<td>07-08</td>
<td>0</td>
<td>$-</td>
<td>0</td>
</tr>
<tr>
<td>08-09</td>
<td>38</td>
<td>$69.47</td>
<td>4</td>
</tr>
<tr>
<td>09-10</td>
<td>17</td>
<td>$65.11</td>
<td>14</td>
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<tr>
<td>10-11</td>
<td>6</td>
<td>$65.82</td>
<td>1</td>
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<td>11-12</td>
<td>12</td>
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<td>7</td>
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<td>$13.71</td>
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<td>3</td>
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<td>15-16</td>
<td>0</td>
<td>$-</td>
<td>1</td>
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<td>16-17</td>
<td>1</td>
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<td>2</td>
</tr>
<tr>
<td>17-18</td>
<td>$-</td>
<td>$(1.58)</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>$338.09</td>
<td>4</td>
</tr>
</tbody>
</table>

In FY 11-12, three projects were removed from the program. This report reflects the available data as of June 30, 2018. Figures may not sum up due to rounding. Due to complexity, some programmed projects were split into multiple segments.

Highway-Railroad Crossing Safety Account

Proposition 1B authorized $250 million in general obligation bond proceeds for the Highway-Railroad Crossing Safety Account program to fund the completion of high-priority grade separation and railroad crossing safety improvements.
The Highway-Railroad Crossing Safety Account program is subject to the provisions of Government Code Section 8879.23 (j), which splits the program funding into two parts:

- Part 1 – $150 million for projects on the Public Utilities Commission project list pursuant to the process established in Chapter 10 (commencing with Section 2450) of Division 3 of the Streets and Highways Code
- Part 2 – $100 million for high-priority railroad crossing improvements that are not part of the Public Utilities Commission priority list process

Since 2008, the Highway-Railroad Crossing Safety Account program has undergone five programming cycles of two years each. As projects are completed and final expenditures are recorded, program savings are recycled.

As of the end of FY 2017–18, the Commission allocated more than $242 million to 38 Highway-Railroad Crossing Safety Account projects. The remaining $7.3 million consists of $5 million reserved for bond administration and $2.3 million in project construction savings. Of the 38 allocated projects, 35 projects with more than $216 million in total Highway-Railroad Crossing Safety Account funds have been completed, and three projects with $26 million in total Highway-Railroad Crossing Safety Account funds are under construction. Table 8 summarizes the programmed and allocated Highway-Railroad Crossing Safety Account projects, projects under construction, and completed projects by fiscal year.

Table 8

<table>
<thead>
<tr>
<th>2-year Program Cycle</th>
<th>Allocated HRCSA Projects</th>
<th>Projects Under Construction</th>
<th>Completed Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>Total Project Cost</td>
<td>HRCSA Funds</td>
</tr>
<tr>
<td>06-08</td>
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<td>8</td>
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<td>12</td>
<td>$158.40</td>
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<tr>
<td>16-18</td>
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<tr>
<td>Total</td>
<td>38</td>
<td>$1,218.14</td>
<td>$242.62</td>
</tr>
</tbody>
</table>

This report reflects the available data as of June 30, 2018. Figures may not sum up due to rounding. In FY 2012, one project was split into two phases.
Public Transportation Modernization, Improvement, and Service Enhancement Account

Proposition 1B authorized $4 billion for the Public Transportation Modernization, Improvement, and Service Enhancement Account. Funds in this account are available for the following types of projects:

- Intercity rail projects;
- Commuter or urban rail operators;
- Bus operators;
- Waterborne transit operators; and
- Other transit operators in California for rehabilitation, safety, or modernization improvements, capital service enhancements or expansions, new capital projects, bus and rapid transit improvements, and rolling stock procurement, rehabilitation, and/or replacement.

Of the $4 billion authorized for the Public Transportation Modernization, Improvement, and Service Enhancement Account, $3.6 billion is available for allocation by the State Controller in accordance with the following Public Utilities Code distributions:

- 50% allocated by formula to local transit operators as specified in Public Utilities Code Section 99314
- 50% allocated by formula to regional entities as specified in Public Utilities Code Section 99313

The remaining $400 million is available for programming and allocation by the Commission for intercity rail capital improvements.

As of the end of FY 2017–18, the Commission allocated $342.5 million to 24 intercity rail projects. Four projects with intercity rail funds totaling $50.8 million remain unallocated. The Commission expects to receive allocation requests in 2019 and 2020 for these four projects, which are being jointly implemented by seven agencies on three rail corridors. The remaining $6.68 million is reserved for bond administration. Of the 24 allocated projects, 17 projects with more than $162 million in total intercity rail funds have been completed, and seven projects with more than $180 million in total intercity rail funds are under construction. Table 9 shows the summary of the allocated intercity rail projects, projects under construction, and completed projects by fiscal year.
Table 9

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Allocated Intercity Rail Projects</th>
<th>Projects Under Construction</th>
<th>Completed Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># Total Project Cost</td>
<td>Intercity Rail Funds</td>
<td># Total Project Cost</td>
</tr>
<tr>
<td>07-08</td>
<td>5 $85.59</td>
<td>$50.38</td>
<td>5 $86</td>
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<td>2 $50.49</td>
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<td>09-10</td>
<td>1 $3.15</td>
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<td>10-11</td>
<td>1 $3.75</td>
<td>$3.75</td>
<td>1 $4</td>
</tr>
<tr>
<td>11-12</td>
<td>2 $221.16</td>
<td>$67.45</td>
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<tr>
<td>12-13</td>
<td>1 $25.75</td>
<td>$25.75</td>
<td>1 $26</td>
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<tr>
<td>13-14</td>
<td>3 $82.25</td>
<td>$11.81</td>
<td>3 $82</td>
</tr>
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<td>14-15</td>
<td>3 $146.64</td>
<td>$108.22</td>
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<tr>
<td>15-16</td>
<td>3 $32.80</td>
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<tr>
<td>16-17</td>
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<td>$4.00</td>
<td>3 $29.93</td>
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<tr>
<td>17-18</td>
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<td>Total</td>
<td>24 $681.51</td>
<td>$342.50</td>
<td>7 $398.76</td>
</tr>
</tbody>
</table>

This report reflects the available data as of June 30, 2018. Figures may not sum up due to rounding.

Local Bridge Seismic Retrofit Account

Proposition 1B authorized $125 million for the Local Bridge Seismic Retrofit Account. This account provides the 11.5% required match for the Federal Highway Bridge Program funds available to the state for seismic retrofit work on local bridges, ramps, and overpasses, as identified by Caltrans.

Subsequent to the 1989 Loma Prieta earthquake, Caltrans identified 1,242 local bridges as needing seismic evaluation. In April 2007, Caltrans reported that the 479 remaining local bridges on the Local Bridge Seismic Retrofit Program list are eligible to receive Local Bridge Seismic Retrofit Account funds as the required match to their Federal Highway Bridge funds.

Caltrans updates the Local Bridge Seismic Retrofit Program list as projects progress through the delivery process. The list is updated on the federal fiscal year (FFY) basis because more than 88.5% of funds used to retrofit local bridges are Federal Highway Bridge Program funds. Caltrans reviewed the list and removed bridges that were retrofitted with other funds, or were found to be privately owned. The updated Local Bridge Seismic Retrofit Program list now consists of a total of 375 bridges. Funds allocated by the Commission that have not been sub-allocated by Caltrans by the end of the FFY revert to the Local Bridge Seismic Retrofit Account.

In May 2018, the Commission sent a letter to eight bridge owners who have shown little to no progress on work necessary for these bridges to achieve seismic safety. The Commission asked the bridge owners to work with Caltrans to identify a work plan for each project and respond to the Commission with an update by the end of June 2018. Six of the eight bridge owners have...
prepared updated work plans. The Commission will continue to communicate with the two bridge owners that have not responded, and intends to keep requesting updates until all 375 bridges have been addressed.

As of the end of FY 2017–18, the Commission has programmed 245 projects totaling more than $100 million. Of those, Caltrans has sub-allocated 173 projects totaling nearly $62 million. Of the 173 sub-allocated projects, 155 projects totaling approximately $39 million have been completed and 18 projects totaling more than $22 million are under construction. Another $2.5 million is reserved for bond administration. Table 10 summarizes the programmed and sub-allocated Local Bridge Seismic Retrofit Account projects, projects under construction, and completed projects by fiscal year.

Table 10

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Programmed Projects</th>
<th>Sub Allocated LBSRP Projects</th>
<th>Projects Under Construction</th>
<th>Completed Projects</th>
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<tbody>
<tr>
<td># LBSRP Funds</td>
<td># LBSRP Funds</td>
<td># LBSRP Funds</td>
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<td># LBSRP Funds</td>
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<tr>
<td>07-08 48</td>
<td>$13.30 52</td>
<td>$13.30 0</td>
<td>$- 51</td>
<td>$13.30</td>
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<tr>
<td>08-09 84</td>
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<td>$4.40 0</td>
<td>$- 21</td>
<td>$4.40</td>
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<td>09-10 19</td>
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<td>$- 14</td>
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<td>10-11 13</td>
<td>$4.40 19</td>
<td>$- 0</td>
<td>$- 19</td>
<td>$-</td>
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<td>11-12 8</td>
<td>$5.20 8</td>
<td>$3.70 0</td>
<td>$- 9</td>
<td>$3.70</td>
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<tr>
<td>12-13 11</td>
<td>$4.10 34</td>
<td>$4.00 0</td>
<td>$- 34</td>
<td>$3.90</td>
</tr>
<tr>
<td>13-14 22</td>
<td>$11.20 10</td>
<td>$7.10 3</td>
<td>$4.10 7</td>
<td>$3.00</td>
</tr>
<tr>
<td>14-15 11</td>
<td>$7.00 4</td>
<td>$1.30 4</td>
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<tr>
<td>15-16 14</td>
<td>$10.20 4</td>
<td>$9.00 4</td>
<td>$9.00</td>
<td>$</td>
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<tr>
<td>16-17 8</td>
<td>$9.80 2</td>
<td>$4.90 2</td>
<td>$4.90</td>
<td>$</td>
</tr>
<tr>
<td>17-18 7</td>
<td>$2.20 5</td>
<td>$2.00 5</td>
<td>$3.40</td>
<td>$</td>
</tr>
<tr>
<td>Total 245</td>
<td>$100.60 173</td>
<td>$61.90 18</td>
<td>$22.70 155</td>
<td>$39.20</td>
</tr>
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</table>

This report reflects the available data as of June 30, 2018. Figures may not sum up due to rounding.

State-Local Partnership Program Account

Proposition 1B authorized the Commission to allocate $1 billion for the State-Local Partnership Program Account over a five-year period to eligible transportation projects nominated by local transportation agencies.

The Commission programmed 257 projects through the end of the five-year State-Local Partnership Program period that ended in June 2013. During the five cycles, the Commission approved 279 allocations for a total of $981 million, with $19 million set aside for administration. By law, no further allocations can be made from the State-Local Partnership Program Account. The Commission’s role is now limited to project delivery and accountability.
As of the end of FY 2017-18, construction of 240 of the 257 programmed projects has been completed, 205 Final Delivery Reports were submitted, and 17 projects are still under construction.

**State Transportation Improvement Program (STIP) Augmentation**

Proposition 1B authorized $2 billion in bond proceeds to augment the STIP. Through this augmentation, the Commission convened a special STIP development cycle for the 2006 STIP in advance of the development of the 2008 STIP. The Commission’s primary intent for augmenting the 2006 STIP was to advance the programming of funds for STIP projects so that projects were delivered prior to the adoption of the 2008 STIP, freeing up capacity to program additional projects. In doing so, the Commission was able to offer an early opportunity for the regions to program new STIP projects with the added capacity created by the bond funds. Projects are tracked as part of the normal STIP process.

The Commission allocated approximately $1.96 billion to 87 STIP projects as part of the 2006 STIP Augmentation. Two of the original projects were combined into one, and the 86 original projects have been completed, many with savings.

The Commission has allocated the savings from the completed projects to four additional projects.

As of the end of FY 2017-18, the Commission has allocated more than $1.9 billion to 90 STIP projects as part of the 2006 STIP Augmentation, and the 86 original projects are complete.

**State Highway Operation and Protection Program (SHOPP) Augmentation**

Proposition 1B set aside $500 million to augment the SHOPP. Projects funded with SHOPP funds serve to rehabilitate and improve the operation of state highways. Projects are tracked as part of the normal SHOPP process.

As of the end of FY 2017-18, the Commission has allocated $468 million to 35 SHOPP projects. In FY 2017-18, the Commission programmed one project totaling $49.7 million, resulting in a net available balance of approximately $22 million. The balance of $22 million includes savings from 34 original SHOPP projects and $10 million set aside for administration.

**Accountability**

In August 2007, in clarifying legislation to Proposition 1B, the Governor signed into law SB 88, which designates the Commission as the administrative agency for all the Proposition 1B programs. SB 88 stipulates various requirements for the Commission relative to adopting guidelines, allocating bond funds, reporting on projects funded by bond funds, and ensuring that required bond project audits of expenditures and outcomes are performed.
In addition, Executive Order S-02-07, issued by Governor Arnold Schwarzenegger in January 2007, significantly increased the Commission’s delivery monitoring responsibility for the bond-funded projects. As a result, the Commission developed and implemented an accountability plan, with a primary focus on the delivery of bond-funded projects within the approved scope, cost, and schedule.

A key element of the Commission’s responsibility for accountability as an administrative agency for specific bond programs is submitting semiannual reports to the Department of Finance. The purpose of these reports is to document whether projects are proceeding on schedule and within their estimated cost. As part of its Accountability Implementation Plan, the Commission requires bond fund recipients to report to the Commission quarterly. These reports are reviewed by the Commission and posted on the Bond Accountability website.

Another key element of bond accountability is the audit of bond project expenditures and outcomes. Specifically, the Commission developed and implemented an accountability plan that includes provisions for bond audits. Under the Executive Order, expenditures of bond proceeds are subject to audit to determine whether the expenditures made from bond proceeds:

- were made according to the established front-end criteria and processes.
- were consistent with all legal requirements.
- achieved the intended outcomes.

The Commission’s Accountability Implementation Plan includes provisions for the audit of bond projects. To ensure that the Commission is meeting the auditing requirements as the administrative agency and as mandated by SB 88 and the Governor’s Executive Order, Caltrans is performing the required audits on behalf of the Commission. Caltrans, in consultation with the Commission, develops and carries out the Audit Plan for the Proposition 1B Bond Program.
STATE-SUPPORTED intercity passenger rail service

State-supported intercity rail passenger service operates in three corridors:

- Capitol Corridor (Auburn-Sacramento-Oakland-San Jose)
- LOSSAN Rail Corridor (San Luis Obispo-Los Angeles-San Diego)
- San Joaquin Corridor (Bay Area/Sacramento-Fresno-Bakersfield, via bus to Los Angeles)

Annual operating subsidies for the intercity rail services have continued to increase. The 2018 Fund Estimate shows these subsidies are expected to total more than $120 million in FY 2017-18 and increase by about $5 million per year – up to approximately $147 million in FY 2022-23.

Overall, ridership for the three intercity routes increased 1.2%, from 5.69 million riders in FY 2016-17 to 5.76 million in FY 2017-18. Total annual revenues for FY 2017-18 were $158.2 million, an increase of 2.4% over FY 2016-17 revenue of $154.5 million. The on-time performance, a measure of the train’s reliability in maintaining its schedule, increased from 81.9% in FY 2016-17 to 82.1% in FY 2017-18, an increase of 0.2%.
TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

SB 862 (Committee on Budget and Fiscal Review, Chapter 36, Statutes of 2014) created the Transit and Intercity Rail Capital Program to fund capital and operational improvements to modernize California’s transit systems and intercity, commuter, and urban rail systems for the purpose of reducing greenhouse gas emissions from vehicle miles traveled. The program was modified by SB 9 (Beall, Chapter 710, Statutes of 2015), which provided grants from the proceeds of the state’s cap and trade auctions. In addition, SB 1 is expected to provide an estimated $270 million annually in new revenue from the Public Transportation Account to the Transit and Intercity Rail Capital Program.

In April 2018, the California State Transportation Agency announced the award Cycle 3 of $2.65 billion in Transit and Intercity Rail Capital Program grants to 28 recipients for transformative transit and rail projects. The Transportation Agency also is providing additional funding for seven critical projects through multi-year funding agreements, bringing the total amount awarded to more than $4.3 billion. The 2018 Transit and Intercity Rail Capital Program was presented to the Commission at its May 2018 meeting. Certain projects receiving awards are also recommended by the Commission for SB 1 programming through the Solutions for Congested Corridors Program, Trade Corridor Enhancement Program, and Local Partnership Program, with potential for significant co-benefits.

The Commission allocated $45.9 million to seven Transit and Intercity Rail Capital Program projects during FY 2017-18.
LOCAL ASSISTANCE PROGRAM

The Commission is responsible for allocating — and authorizes Caltrans, through a lump sum allocation, to sub-allocate — state and federal transportation funds to local agencies. Caltrans administers the local assistance lump sum allocation under delegated authority from the Commission. Caltrans is required to update the Commission quarterly with a status of state and federal lump sum sub-allocations.

The two largest, federally funded transportation programs designated for local agencies are the Regional Surface Transportation Block Grant Program and the Congestion Mitigation and Air Quality Improvement Program. The Regional Surface Transportation Block Grant Program provides flexible funding for projects to preserve and improve the conditions and performance on any federal-aid highway. Congestion Mitigation and Air Quality Improvement Program funds also may be used on all public roads for safety, bridge, tunnel, and pedestrian projects, and for transit capital improvement projects.

The Congestion Mitigation and Air Quality Improvement Program is a flexible funding source for regions that do not meet federal air quality standards for transportation projects and programs that help meet the requirements of the Federal Clean Air Act. Federal law allows this funding to be spent on projects that are intended to help reduce dispersal of particulate matter in nonattainment and maintenance areas. Eligible projects include transit improvements, travel demand management strategies, traffic flow improvements, and conversion of vehicle fleets to run on cleaner fuels.
In Federal Fiscal Year (FFY) 2016–17, the Commission approved $1.7 billion in federal and state lump sum allocations to Caltrans for sub-allocation. For the 19th consecutive year, Caltrans sub-allocated 100% of federal funding made available to local agencies.

In FFY 2017–18, the Commission approved $1.6 billion in federal and state lump sum allocations to Caltrans for sub-allocation. Through the end of the State Fiscal Year (FY) 2017–18, Caltrans had sub-allocated 59% of the total funds. Caltrans sub-allocated 100% of federal funding by the end of the Federal Fiscal Year, September 30, 2018.

Please refer to Table 11 for program detail of the federal and state lump sum allocations in FFY 2016–17 and FFY 2017–18.

### Table 11A

<table>
<thead>
<tr>
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<td>National Highway Performance Program (Bridge) and Off-System Bridge</td>
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<td>Surface Transportation Block Grant Program</td>
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<td>Highway Safety Improvement Program</td>
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<td>112,264</td>
<td>(36,338)</td>
<td>76,859</td>
<td>49,780</td>
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<td>Discretionary Programs¹</td>
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<td>95,153</td>
<td>151,915</td>
<td>196,400</td>
<td>51,548</td>
<td>144,852</td>
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<td>Federal Lump Sum Total</td>
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### Table 11B

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<td>Surface Transportation Program State Match and Exchange</td>
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<td>$57,849</td>
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<td>Bridge Inspection</td>
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<td>Railroad Grade Separations</td>
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<td>Railroad Grade Crossing Maintenance</td>
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<td>3,765</td>
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<td>Miscellaneous Unassigned Local Programs</td>
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<td>2,094</td>
<td>3,250</td>
<td>1,000</td>
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<td>Freeway Service Patrol from SB1</td>
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<td>(1,529)</td>
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<td>Freeway Service Patrol</td>
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<td>21,250</td>
<td>3,750</td>
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<td>3,750</td>
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<td>Systemic Safety Analysis Report Program</td>
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<td>1,141</td>
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<td>State Lump Sum Total</td>
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<td>Grand Totals</td>
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**Notes:**

Numbers may not add due to rounding.

Encumbrances and expenditures for Federal Lump Sum Programs include transfers to the Federal Transit Administration. Note: budget authority does not apply to these transfers.

1. Encumbrances and expenditures for Discretionary Programs include Demonstration projects, Emergency Relief, and miscellaneous federal programs for current and previous Federal Transportation Acts. Note: projects under these programs have their own Federal Obligation Authority (OA) and do not use the Federal Formula OA.

2. Encumbrances and expenditures for Miscellaneous Unassigned Local Programs include state match of the Local Technical Assistance Program, the Cooperative Training Assistance Program, and excess Local Bridge Seismic Retrofit Account match.

3. Grand total allocated amount is consistent with the State Budget Act for both the Federal and State Lump Sum Programs. The Federal Lump Sum Programs are also consistent with the Federal Apportionment levels.

4. The amounts for the encumbrances and expenditures of the Federal Lump Sum Programs are at the Federal Obligation Authority level (approximately 90% to 95% of the apportionments).
AB 2928 (Torlakson, Chapter 91, Statutes of 2000) and SB 1662 (Burton, Chapter 656, Statutes of 2000), together known as the Traffic Congestion Relief Act of 2000, created the Traffic Congestion Relief Program and committed $4.9 billion to 141 specific projects.

SB 1 deemed the Traffic Congestion Relief Program to be complete and final as of June 30, 2017. This aligned with the Commission’s recommendations in past Annual Reports to close out the program. Specifically, SB 1 states that as of June 30, 2017, Traffic Congestion Relief Program projects shall be deemed complete and final, and projects without approved applications shall no longer be eligible for program funding.

In May 2017, the Commission approved a Traffic Congestion Relief Program Close-out Policy (Resolution G-17-13) to provide a final opportunity at the June 2017 Commission meeting to allocate funds to projects with approved applications.

As of June 30, 2017, of the $4.9 billion available to the Traffic Congestion Relief Fund Program, the Commission programmed and allocated more than $4.5 billion. Traffic Congestion Relief Program projects are no longer eligible for allocation of funds.

Caltrans continues to assist the Commission in reporting on Traffic Congestion Relief Program activity, doing so by administering the annual reporting process. Caltrans reported no new activity for FY 2017-18.
California has more than 12,000 bridges on its state highway system and an additional 11,500 bridges on its local streets and roads network. Following the 1989 Loma Prieta earthquake, emergency legislation AB 36X (Kopp, Chapter 17X, Statutes of 1989) and SB 38X (Sher, Chapter 18X, Statutes of 1989) established the Seismic Safety Retrofit Program. The Seismic Safety Retrofit Program consists of two components: a state highway system component for which Caltrans is the project delivery agent, and a local streets and roads component for which local agencies or state agencies other than Caltrans serve as the project delivery agent.

State Highway System Component – This element is subdivided into three seismic retrofit programs that total $12.14 billion. The programs are:

- **Seismic Safety Retrofit Program, Phase 1** – Successfully seismically retrofit 1,039 vulnerable bridges at a cost of $1.1 billion.

- **Seismic Safety Retrofit Program, Phase 2** – Initiated after the 1994 Northridge earthquake, this phase of the program identified an additional 1,151 bridges in need of seismic retrofit. The Seismic Retrofit Bond Act of 1996 (Proposition 192) initially dedicated a total of $1.35 billion. An additional $544 million in SHOPP funds were made available to certain Phase 2 bridges for which replacement – as opposed to bridge retrofit – was the preferred strategy, bringing the total allocation for the Phase 2 bridges to $1.89 billion. As of the end of FY 2017–18, a total of 1,150 of the Phase 2 bridges are seismically retrofitted.
The last bridge, the Schuyler Heim Bridge in Los Angeles, remains under construction and is experiencing large cost increases and schedule delays. In March 2016 and December 2017, the Commission granted supplemental allocations of $58.5 million and $138.3 million respectively, to resolve contract claims and various other complications. These actions increased the $544 million in SHOPP funds dedicated to the Phase 2 program to $740.8 million and the total allocation for the Phase 2 bridges to $2.09 billion. The expected completion of the Schuyler Heim Bridge has been delayed to June 2020.

- Toll Bridge Seismic Retrofit Program – Initiated after the 1989 Loma Prieta earthquake in order to seismically retrofit seven toll bridges. AB 1175 (Torlakson, Chapter 515, Statutes of 2009) added two more bridges, the Antioch and Dumbarton, to the program, bringing the total number of bridges in the program to nine and a total budget of $9.435 billion. Retrofits for the Antioch and Dumbarton bridges were completed with $483 million in savings. The Toll Bridge Program Oversight Committee removed the $483 million in savings from the program and returned it to Bay Area Toll Authority Control, thus reducing the program’s overall budget to $8.952 billion. With the opening of the new east span of the San Francisco-Oakland Bay Bridge to traffic in September 2013, all nine bridges in this program now are seismically retrofitted.

While the new east span of the San Francisco-Oakland Bay Bridge is complete, remaining work includes removal of two old east span foundations, close-out of several construction contracts, and fulfillment of remaining environmental and right-of-way requirements. The Toll Bridge Program Oversight Committee anticipates substantial completion of these activities, including in-water work, by the end of 2018.

Local Streets and Roads Component – Following the 1989 Loma Prieta earthquake, 1,242 publicly owned bridges on the local streets and roads network in need of seismic evaluation were identified. With the passage of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B), a $125 million Local Bridge Seismic Retrofit Account was established. Funds from the account provide the 11.5% local match for the Federal Highway Bridge Program funds used to retrofit the local bridges. The Local Bridge Seismic Retrofit Account section of the chapter on the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) in this Annual Report contains details on the remaining local streets and roads seismic program bridges.
Through the Aeronautics Account, the state provides funds for Caltrans’ program administration, safety grants, maintenance and capital improvement projects, and airport land use compatibility plans. The Aeronautics Account includes revenues from an 18-cent-per-gallon fuel excise tax on general aviation gasoline and a 2-cent-per-gallon excise tax on general aviation jet fuel. In addition, the Local Airport Loan Account provides loans for projects that benefit an airport and/or improve its self-sufficiency (this is a revolving fund that was initiated with seed money from the Aeronautics Account). As principal and interest payments are returned to the Loan Account, additional loans can be made to airports.

Aeronautics Account revenues funded the following FY 2017–18 activities (presented in statutorily defined order):

- Caltrans’ Division of Aeronautics Operations ($4.0 million)
- Annual $10,000 grants or “credits” to each of the state’s 149 general aviation airports ($1.5 million)
- Local match grants (approximately one-half of an airport’s match requirement) for Federal Aviation Administration Airport Improvement Program funds. In June 2017, the Commission approved a $1.2 million lump sum allocation request for FY 2017–18.
• Acquisition and Development Program grants for up to 90% of an airport’s eligible costs for projects in the Aeronautics Program as adopted by the Commission. The Commission did not receive allocation requests for this program in FY 2017–18.

In May 2017, the Commission approved the assumptions for the 2018 Aeronautics Account Fund Estimate. The assumptions form the foundation upon which all federal and state resources expected to be available for aeronautics programming are developed. Among the assumptions is the transfer of Local Airport Loan Account funds to the Aeronautics Account authorized by Section 21602(f) (2) of the Public Utilities Code. This transfer is subject to the approval of the Department of Finance and the Commission. The 2018 Aeronautics Account Fund Estimate assumes a transfer in the amount of $4 million annually. The Local Airport Loan Account transfers augment the California Aid to Airports Program. The Department of Finance did not approve the FY 2016-17 Local Airport Loan Account transfer, and Caltrans was not able to program $6.5 million toward California Aid to Airports projects in FY 2016-17 and FY 2017-18.

In addition to the overall administration of Aeronautics Account funds, the Caltrans Division of Aeronautics is statutorily responsible for the development of the California Aviation System Plan. Federal requirements and the California Public Utilities Code Sections 21701-21707 require Caltrans to update the seven elements of the California Aviation System Plan every five years. Caltrans has applied for funding from the Federal Aviation Administration to prepare an updated California Aviation System Plan. The Commission expects the next update to be completed by the winter of 2020.
Proposition 116 of 1990 enacted the Clean Air and Transportation Improvement Act, designating nearly $2 billion toward specific projects, purposes, and geographic jurisdictions, primarily for passenger rail capital projects. Of this amount, Proposition 116 authorized:

- More than $1.8 billion for preservation, acquisition, construction, or improvement of rail rights of way, rail terminals and stations, rolling stock acquisition, grade separations, rail maintenance facilities, and other capital expenditures for rail purposes;
- $73 million for 28 nonurban counties without rail projects, distributed by formula based on population, for the purchase of paratransit vehicles and other capital facilities for public transportation;
- $20 million for a competitive bicycle program for projects that improve safety and convenience for bicycle commuters; and
- $30 million to a waterborne ferry program ($20 million competitive funding, plus an additional $10 million to the City of Vallejo) for construction, improvement, acquisition, and other capital expenditures associated with the transportation of passengers or vehicles, or both.

The Commission did not receive requests for and did not take any action on the Proposition 116 Program in FY 2017-18.
The Enhanced Mobility of Seniors and Individuals with Disabilities Program (Section 5310) provides annual grants of federal funds to purchase transit capital equipment to meet the specialized needs of elderly and disabled people for whom mass transportation services are unavailable, insufficient, or inappropriate. Section 5310 includes a Traditional Program of capital projects and an Expanded Program that funds mobility management and operating assistance projects.

In June 2017, the Commission adopted the 2017 Section 5310 Program following the required hearing. The Commission programmed the estimated available federal funds of more than $16.6 million as follows:

- Approximately $9.1 million for the Traditional Projects (capital), and
- Approximately $7.5 million for the Expanded Projects (capital, operating assistance and mobility management)

The project list for the 2017 Section 5310 Program is available for review at www.catc.ca.gov/meetings/2017/2017-06/yellows/Tab_83_4.18.pdf.

The Commission did not receive requests for and did not take any action on the Section 5310 Program during FY 2017-18, because the funding was allocated immediately following program adoption.
ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM

The Environmental Enhancement and Mitigation Program awards grants to fund environmental enhancement and mitigation projects directly or indirectly related to the environmental impact of modifying existing transportation facilities or for the design, construction, or expansion of new transportation facilities. Projects eligible for funding include, but are not limited to: urban forestry, resource lands, or mitigation projects beyond the scope of the CEQA Lead Agency.

Streets and Highways Code Section 164.56 mandates the California Natural Resources Agency (Resources Agency) to evaluate projects submitted for the program, and the Commission to award grants to fund projects recommended by the Resources Agency.

For the FY 2016-17 Environmental Enhancement and Mitigation Program cycle, the Resources Agency reviewed 46 grant applications and recommended funding for 13 projects, for a total of more than $7.9 million. The recommended projects included six in Northern California totaling approximately $3.5 million and seven projects in Southern California totaling approximately $4.4 million. The Resources Agency recommends projects for the year following the program cycle; therefore, the Commission adopted the Environmental Enhancement and Mitigation Program in March 2018. By the end of FY 2017-18, the Commission had allocated funds to the Resources Agency for all 13 projects.
INNOVATIVE PROJECT DELIVERY AND FINANCING

TOLL FACILITIES

In 2015, the Legislature passed, and the Governor signed into law, AB 194 (Frazier, Chapter 687, Statutes of 2015), delegating to the Commission the legislative responsibility to approve the tolling of transportation facilities in California. Specifically, AB 194 authorizes regional transportation agencies, in cooperation with Caltrans, or Caltrans independently, to apply to the Commission to develop and operate high-occupancy toll lanes or other toll facilities, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit or freight.

With this new authority, the Legislature has created the opportunity for regional transportation agencies and the state to consider in their long-term plans alternative means to finance transportation infrastructure improvements, including the addition of toll lanes. In 2016 the Commission adopted Toll Facility Guidelines to implement this new responsibility.

In 2016, the Commission received an application from the Orange County Transportation Authority to develop and operate a high-occupancy toll facility on Interstate 405 (I-405) between State Route 73 and Interstate 605 (I-605) in Orange County. Finding that it met the eligibility criteria required by AB 194, and, after considering testimony at a public hearing held near the proposed facility, the Commission approved the application in May 2016. As noted in prior Annual Reports, the development of the Orange County Transportation Authority I-405 project has made significant progress since the Commission approved the application.
The Orange County Transportation Authority reports that the following milestones were accomplished in FY 2017-18:

- The Orange County Transportation Authority and the U.S. Department of Transportation’s Build America Bureau executed (closed) the Transportation Infrastructure Finance and Innovation Act loan on July 26, 2017.
- The Orange County Transportation Authority issued Notice to Proceed No. 2, which is a full notice to proceed with all activities including construction, on July 27, 2017.
- The Orange County Transportation Authority released the toll lanes system integrator request for proposals on August 28, 2017.
- The Orange County Transportation Authority held a groundbreaking event with Caltrans, the Federal Highway Administration, the OC 405 Partners, and other stakeholders on January 26, 2018.
- The Orange County Transportation Authority awarded the toll lanes system integrator contract to Kapsch TrafficCom USA, Inc. (Kapsch) on February 26, 2018.
- The Orange County Transportation Authority approved the first Release for Construction package. Maintenance of traffic and construction activities officially began on March 6, 2018.
- The Orange County Transportation Authority executed the toll lanes system integrator contract with Kapsch on June 14, 2018.
- The Orange County Transportation Authority approved the first Release for Construction package for rough grading activities on July 13, 2018.
- Major construction activities, including bridge demolition and reconstruction, began in the summer of 2018.

While the Commission has not received additional applications for the operation and development of toll facilities, the Commission staff continues to provide technical assistance to regional transportation agencies, and offers guidance on the implementation of AB 194 as well as answers questions regarding the toll facility application and program guidelines.

**PUBLIC-PRIVATE PARTNERSHIP (P3)**

SB X2-4 (Cogdill, Chapter 2, Statutes of 2009) authorized Caltrans and regional transportation agencies to enter into comprehensive development lease agreements with public or private entities to develop transportation projects. These agreements are commonly known as public-private partnership (P3) agreements.

Since the Commission’s adoption of its Public Private Partnership Policy Guidance in October 2009, the Commission received only one P3 project for approval. In May 2010, the Commission approved the joint request by Caltrans and the San Francisco County Transportation Authority for Caltrans to enter into an agreement with a developer to develop Phase 2 of the Doyle Drive Replacement Project, otherwise known as the Presidio Parkway P3 Project, for $1.4 billion. The Presidio Parkway project reached commercial close in January 2011 and financial close in June 2012. In June 2013, the Commission approved a revised funding plan totaling $1.08 billion, including a risk reserve of $36.8 million. The funding plan was revised in response to a number of factors, including a lower interest Transportation Infrastructure Finance
Investment Act loan, favorable market conditions, and project debt competition. The project reached substantial completion in September 2015. However, through innovative scheduling and staging, the developer successfully opened the project to traffic nearly three months earlier than contractually required. Remaining activities on the project include local road construction and landscaping. Upon reaching substantial completion, the developer began receiving the scheduled availability payments.

While the project reached many milestones, it has not been without controversy. In July 2015, the developer commenced litigation for declaratory relief in the San Francisco Superior Court; Caltrans and the developer subsequently settled outside of court. The proposed settlement and request for funding related to additional Phase 2 scope of work was brought before the Commission in both June and August 2016. The outstanding disputes were identified as relief events for which Caltrans retained liability, interpretative engineering determinations, administrative claims, and issues related to third parties specifically including the landowner, the Presidio Trust.

In June 2016, the Commission allocated an additional $29 million to pay for Caltrans-ordered changes to the P3 project. In August 2016, the Commission approved a $91.1 million supplemental request for additional funding due to third-party delays, and removed the landscape area scope of work that would revert to the Presidio Trust from the developer’s scope of work. Specifically, Caltrans negotiated with the Presidio Trust on the details, scope, and cost of the remaining landscaping work that was to revert to the Presidio Trust. Caltrans and the Presidio Trust settled on a $37 million contribution from the State to the Trust that transferred the Presidio Trust Landscape Work and applicable environmental obligations to the Presidio Trust. As a result, the Commission allocated $37 million at its March 2018 meeting. The developer expects to complete the remaining field work by December 2018, and reach final contract acceptance in early 2019.

Legislation to extend P3 authority was not reauthorized, and expired in January 2017. The P3 project delivery tool is unique, and is specifically useful on large infrastructure projects. With the infusion of additional funding from SB 1 and the passage of more self-help tax measure initiatives, innovative project delivery tools, including P3s, constitute an important delivery method to assist in completing large complex infrastructure projects.

**DESIGN-BUILD**

SB X2-4 authorized Caltrans and local transportation entities to use the design-build project delivery method on a limited basis. Subject to the approval of the Commission, Caltrans was authorized to use this new tool for up to 10 projects on the state highway system, and local transportation entities were allowed up to five design-build projects on the local streets and roads network or local public transit system within the local entity’s jurisdiction. A locally administered project on the state highway system was subsequently authorized under AB 2098 (Miller, Chapter 250, Statutes of 2010) to enable the Riverside County Transportation Commission to utilize the design-build procurement process for the State Route 91 Corridor Improvements Project. The Commission authorized all 10 design-build slots for Caltrans as well as the locally administered State Route 91 Improvements Project.

Caltrans expects to achieve both time and cost savings on projects delivered using the design-build delivery tool. Caltrans reports that it will achieve an average cost savings of 14% through the innovative methods proposed during the procurement stage of the design-build projects.
Projects in the program, listed in Table 12, were awarded up to 27 months earlier than if they had used the traditional design-bid-build process. Lastly, project completion was, on average, expedited by up to 30 months by using the design-build delivery method.

Table 12

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost at Award ($1,000s)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Mateo 101 - Install Ramp Metering System</td>
<td>$10,552</td>
<td>Complete March 2014</td>
</tr>
<tr>
<td>Madera 99 - Rehabilitation Roadway</td>
<td>$22,582</td>
<td>Complete April 2014</td>
</tr>
<tr>
<td>Fresno 180 - Construct Braided Ramps</td>
<td>$40,677</td>
<td>Complete December 2014</td>
</tr>
<tr>
<td>Los Angeles 10/110 - HOV to HOT Lanes</td>
<td>$72,364</td>
<td>Complete February 2016</td>
</tr>
<tr>
<td>Los Angeles 10/605 - Construction Connector</td>
<td>$46,190</td>
<td>Complete January 2017</td>
</tr>
<tr>
<td>San Diego 805 - HOV/BRT (North)</td>
<td>$71,885</td>
<td>Complete April 2018</td>
</tr>
<tr>
<td>Los Angeles 710 - Replace Gerald Desmond Bridge</td>
<td>$649,150</td>
<td>Awarded July 2012 and in construction</td>
</tr>
<tr>
<td>San Bernardino 15/215 - Devore Interchange Improvements</td>
<td>$208,150</td>
<td>Complete November 2017</td>
</tr>
<tr>
<td>San Bernardino 15 - Cajon Pass Rehabilitation</td>
<td>$113,845</td>
<td>Complete July 2018</td>
</tr>
<tr>
<td>Sacramento/Yolo 50/5 - Bridge Deck Rehabilitation</td>
<td>$17,782</td>
<td>Complete June 2015</td>
</tr>
<tr>
<td>Riverside 91 - Corridor Improvements Project (CIP)</td>
<td>$632,572</td>
<td>Complete March 2017</td>
</tr>
</tbody>
</table>

The original Design-Build Demonstration Program has sunset and was subsequently replaced by AB 401 (Daly, Chapter 586, Statutes of 2013). AB 401 authorized 10 design-build projects for Caltrans over a 10-year period from 2014 to 2024, and granted unlimited design-build authority on projects on the state highway system sponsored by local transportation entities. Local transportation agencies have begun to utilize their unlimited design-build authority to deliver projects. In 2017, the Orange County Transportation Authority awarded a design-build contract for the I-405 Express Lanes project, the Riverside County Transportation Commission awarded a design-build contract for the I-15 Express Lanes project, and the San Bernardino County Transportation Authority awarded a design-build contract for the I-10 Corridor project.
Caltrans is collecting and implementing best practices obtained in delivering its initial 10 projects under the SB X2-4-authorized program. Caltrans is also in the process of identifying the appropriate 10 additional projects as authorized by AB 401.

CONSTRUCTION MANAGER GENERAL CONTRACTOR

AB 2498 (Gordon, Chapter 752, Statutes of 2012) authorized Caltrans to use the Construction Manager General Contractor project delivery tool for six projects as a pilot program. Construction Manager General Contractor is a two-step process in which Caltrans enters into a pre-construction services agreement, but remains the engineer of record and engages a contractor as a construction manager during the design process to leverage the contractor’s construction expertise, means, and methods specifically in constructability reviews. At a mutually agreed point in the process, Caltrans and the construction manager negotiate the price to construct the project. Once an agreement has been reached, the two parties enter into a construction agreement, and the construction manager becomes the general contractor for the project. If they cannot reach agreement on the price, the construction contract is let out through the standard design-bid-build contracting process.

The Commission incorporated provisions specific to Construction Manager General Contractor in its program guidelines to address the unique aspects of project delivery through the use of this process. Construction Manager General Contractor is primarily a cost-savings tool that allows Caltrans, with the engagement of a construction expert early in the design process, to respond to constructability issues while the design is being completed, thereby limiting contract change orders related to project constructability. To date, seven of the 22 authorized projects have been awarded and two projects are in the procurement stage. The status of these nine Construction Manager General Contractor projects is outlined in Table 13.

Table 13

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sacramento 99 – Cosumnes River Bridge</td>
<td>Replace bridges</td>
<td>Preconstruction Phase</td>
</tr>
<tr>
<td>San Francisco/Alameda 80 – SFOBB Foundation Removal</td>
<td>Remove existing marine foundation</td>
<td>Two construction packages completed. The third and final construction package awarded and under construction.</td>
</tr>
<tr>
<td>Alameda I-80, I-580, I-880 – University Avenue/MacArthur Maze</td>
<td>Increase vertical clearance</td>
<td>In procurement</td>
</tr>
<tr>
<td>San Mateo/Santa Clara 101</td>
<td>Construct managed lanes on U.S. 101</td>
<td>Preconstruction Phase</td>
</tr>
<tr>
<td>Fresno 99 – Realignment</td>
<td>Realign SR 99 to accommodate High-Speed Rail</td>
<td>One construction package completed. The second and final construction package awarded and under construction.</td>
</tr>
</tbody>
</table>
Recent legislation expanded Caltrans’ authority to a total of 22 projects using the Construction Manager General Contractor method. AB 2126 (Mullin, Chapter 750, Statutes of 2016) authorized Caltrans to use Construction Manager General Contractor on up to six additional projects, and AB 115 (Committee on Budget, Chapter 20, Statutes of 2017) authorized Caltrans to use the project delivery method on up to 10 additional projects. Caltrans is in the process of identifying appropriate projects for the additional expanded Construction Manager General Contractor project authority. SB 1262 (Beall, Chapter 465, Statutes of 2018) removed the cap on the number of authorized CMGC projects for Caltrans, as long as the department follows through with statutory requirements.

**CALIFORNIA TRANSPORTATION FINANCING AUTHORITY**

AB 798 (Nava, Chapter 474, Statutes of 2009), created the California Transportation Financing Authority (Financing Authority). AB 798 provides that a project sponsor, as defined in Government Code section 64102(g), may apply to the Financing Authority for bond financing or refinancing of a transportation project that has been approved for construction by Caltrans and the Commission. The Financing Authority and the Commission are required to develop an approval process that results in project approval by the Commission and financing approval by the Financing Authority in a cooperative manner that is not sequential, so that both approvals may be delivered to a project at approximately the same time.

Beginning in June 2011, and annually thereafter, the Financing Authority is required to present to the Commission a summary of actions taken in the previous calendar year, including the number of project sponsors that sought financing through the Financing Authority, a description of each project, a summary of the sources of funding used to finance or refinance the project, and any recommendations the Financing Authority may have to improve the financing of transportation infrastructure. This information is to be included in the Commission’s Annual Report to the Legislature.

Since enactment of this legislation, the Financing Authority has not received a formal request to finance or refinance a project.

**GARVEE BOND FINANCING**

Federal Grant Anticipation Revenue Vehicle (GARVEE) Bond Financing is used in the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP) to finance large rehabilitation and reconstruction projects that would
otherwise be unaffordable with available State Highway Account funding. Although this financing mechanism allows strategic projects to be delivered, the debt service limits future flexibility.

The Commission approved the issuance of GARVEE notes twice – once for STIP projects and once for SHOPP projects. In March 2004, the state issued $614.8 million in GARVEE bonds (Series 2004A Bonds) for eight STIP projects. The Series 2004A Bonds were structured with serial maturities from 2005 through 2015. The Series 2004A Bonds fully matured in February 2015 and all eight projects have been completed. In October 2008, the state issued a second set of GARVEE Bonds (Series 2008A Bonds) totaling $97.6 million for two SHOPP projects. The Series 2008A Bonds are structured with serial maturities from 2009 through 2020. The two SHOPP projects have been completed.

In March 2018, the Commission, pursuant to Government Code section 14553.9(b), reported to the Governor and the Legislature the total amount of outstanding GARVEE notes for the 2017 calendar year. The debt service outstanding as of the end of the 2017 calendar year was $30.9 million from the Series 2008A bonds.

Prior to January 2017, Government Code Section 14553(b) required the Commission to prepare, in conjunction with the State Treasurer’s Office, an annual analysis of California’s bonding capacity for issuing GARVEE bonds. This requirement was amended by AB 2906 (Committee on Transportation, Chapter 208, Statutes of 2016), to require this analysis by the State Treasurer’s Office only if Caltrans, in conjunction with the Commission, makes a written request for the issuance of new GARVEE bond notes. The State Treasurer will no longer publish its annual Analysis of GARVEE Bond Capacity report unless requested.
## GLOSSARY OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AB</td>
<td>Assembly Bill</td>
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<tr>
<td>CEQA</td>
<td>California Environmental Quality Act</td>
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<tr>
<td>Commission</td>
<td>California Transportation Commission</td>
</tr>
<tr>
<td>FFY</td>
<td>Federal Fiscal Year</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>GARVEE</td>
<td>Federal Grant Anticipation Revenue Vehicle</td>
</tr>
<tr>
<td>HOV/HOT</td>
<td>High-Occupancy Vehicle/High-Occupancy Toll Lane</td>
</tr>
<tr>
<td>NEPA</td>
<td>National Environmental Policy Act</td>
</tr>
<tr>
<td>P3</td>
<td>Public-Private Partnership</td>
</tr>
<tr>
<td>SB</td>
<td>Senate Bill</td>
</tr>
<tr>
<td>SHOPP</td>
<td>State Highway Operation and Protection Program</td>
</tr>
<tr>
<td>STIP</td>
<td>State Transportation Improvement Program</td>
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</tbody>
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Commissioners

Fran Inman, Chair
James Earp, Vice-Chair
Bob Alvarado
Yvonne B. Burke
Lucetta Dunn
James Ghielmetti
Carl Guardino
Christine Kehoe
James Madaffer
Joseph Tavaglione
Paul Van Konyenburg

Ex-Officio Members

The Honorable Jim Beall, Member of the California Senate
The Honorable Jim Frazier, Member of the California Assembly
## Staff Members

<table>
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<tr>
<th>Susan Bransen, Executive Director</th>
<th>Mitchell Weiss, Chief Deputy Director</th>
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<tr>
<td>Teri Anderson</td>
<td>James Malinovsky</td>
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<td>Anja Aulenbacher</td>
<td>Denise Mitchell</td>
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<td>Elika Changizi</td>
<td>Jose Oseguera</td>
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<td>Zilan Chen</td>
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<td>Jennifer Valeros</td>
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<td>Laurie Waters</td>
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<td>Garth Hopkins</td>
<td>Matthew Yosgott</td>
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<td>Amy MacPherson</td>
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