



2019

ANNUAL REPORT
TO THE
CALIFORNIA
LEGISLATURE



The California Transportation Commission is an independent state commission responsible for programming and allocating funds for the construction of highway, passenger rail, 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

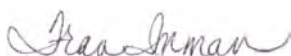
Members of the Legislature:

We are pleased to present the California Transportation Commission's (Commission) 2019 Annual Report to the Legislature. This report summarizes the Commission's accomplishments in the past year and offers recommendations for legislation to improve California's transportation system.

The Commission's overall focus this year was to continue to implement the programs funded through Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017). These programs have already delivered critically needed highway, bridge, local street and road, transit, and active transportation projects throughout California. In 2019, the Commission built upon its initial accomplishments in implementing SB 1 by holding a series of public workshops to update program guidelines. SB 1 entrusted the Commission with ensuring that funds are appropriately and efficiently spent and that transportation benefits are achieved. Therefore, the workshops included a focus on enhancing accountability and measurement of project outcomes. The Commission expects to adopt the final guidelines for all programs by early 2020. In addition, the Commission continues to monitor the California Department of Transportation's progress on repairing and rehabilitating the state highway system, as required under SB 1.

The Commission undertook additional efforts throughout the year to identify program improvements, such as co-hosting an Active Transportation Symposium for the state, regions, and stakeholders to discuss important program issues like measuring project benefits. The Commission continued its joint meetings with the California Air Resources Board to reinforce the importance of achieving our mobility and climate goals. The Commission also hosted a Transportation Policy Forum on identifying policies to increase transit ridership and to ensure transportation infrastructure resiliency in the face of climate change. This forum helped inform the recommendations in this report, which reflect the Commission's commitment to improving transportation across the state to enhance the quality of life for all Californians.

Sincerely,



FRAN INMAN

Chair



PAUL VAN KONYNENBURG

Vice Chair

TABLE OF CONTENTS

CHAIR AND VICE CHAIR LETTER	3
COMMISSION IN BRIEF	5
YEAR IN REVIEW.	7
COMMISSION POLICY ISSUES AND RECOMMENDATIONS FOR 2020.	13
SB 1 ACCOUNTABILITY, TRANSPARENCY, AND PROGRAM PERFORMANCE	21
SOLUTIONS FOR CONGESTED CORRIDORS PROGRAM	24
LOCAL PARTNERSHIP PROGRAM.....	28
TRADE CORRIDOR ENHANCEMENT PROGRAM.....	30
LOCAL STREETS AND ROADS PROGRAM	31
ACTIVE TRANSPORTATION PROGRAM.....	33
TRANSPORTATION ASSET MANAGEMENT PLAN	37
STATE HIGHWAY OPERATION AND PROTECTION PROGRAM.....	38
STATE TRANSPORTATION IMPROVEMENT PROGRAM	40
ENHANCED COORDINATION AND COMMUNICATION	42
ADDRESSING CLIMATE CHANGE.....	46
ROAD CHARGE TECHNICAL ADVISORY COMMITTEE.....	47
THE SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT FOR THE 21ST CENTURY (PROPOSITION 1A).....	49
THE HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY ACT OF 2006 (PROPOSITION 1B).....	50
STATE-SUPPORTED INTERCITY PASSENGER RAIL SERVICE.....	57
TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM.....	58
LOCAL ASSISTANCE PROGRAM.....	59
TRAFFIC CONGESTION RELIEF PROGRAM	62
SEISMIC SAFETY RETROFIT PROGRAM.....	63
AERONAUTICS PROGRAM	65
PROPOSITION 116 PROGRAM	67
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM ...	68
ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM.....	69
INNOVATIVE PROJECT DELIVERY AND FINANCING	70
GLOSSARY OF ACRONYMS.....	77

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 appointed from the State Senate and Assembly are 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 also holds town halls and workshops across California in an effort to effectively engage all Californians.

In Fiscal Year 2018-19, the Commission had a staff of 26 and an annual budget of approximately \$6.5 million. The Commission is supported by an Executive Director, who 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 California Transportation Financing Authority and the Toll Bridge Program Oversight Committee.

The Commission is responsible for the following activities:

- **Overseeing Transportation Funding Programs.** The Commission's responsibilities differ by program but typically include developing guidelines, adopting programs of projects, allocating funds, monitoring project delivery, and reporting to the Legislature. Programs include, but are not limited to, the following:
 - » Solutions for Congested Corridors Program
 - » Local Partnership Program
 - » Trade Corridor Enhancement Program
 - » Local Streets and Roads Program
 - » Active Transportation Program
 - » State Highway Operation and Protection Program
 - » State Transportation Improvement Program
 - » Transit and Intercity Rail Capital Program
 - » Aeronautics Program
 - » Environmental Enhancement and Mitigation Program
 - » 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)
- **Monitoring Conditions on the State Highway System.** The Commission adopts performance measures and targets, including annual benchmarks, to guide the selection of projects for the State Highway Operation and Protection Program, and approves the Transportation Asset Management Plan prepared by Caltrans. Additionally, the Commission evaluates 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.
- **Developing State Transportation Policy.** The Commission is statutorily responsible for advising and assisting the Legislature and the California State Transportation Agency in the formulation and evaluation of state policies and plans for California's transportation programs. In developing transportation policy, the Commission engages with numerous local and statewide stakeholders and partners, including those in the private, public, and nonprofit sectors, the business community, environmental interest groups, public health advocates, and social-equity organizations. The Commission coordinates implementation of transportation policies with the California Air Resources Board by holding at least two joint meetings per calendar year.
- **Preparing an Annual Report to the Legislature.** 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.
- **Other Responsibilities.** The Commission also is responsible for:
 - » **Adopting Planning Guidelines.** The Commission adopts guidelines for the California Transportation Plan and Regional Transportation Plans.
 - » **Adopting Fund Estimates.** The Commission adopts 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.
 - » **Approving Right-of-Way Matters.** The Commission is responsible for approving right-of-way matters such as route adoptions, new public road connections, resolutions of necessity, relinquishments, Director's Deeds, and airspace leases.
 - » **Approving Toll Facilities.** The Commission has the authority to approve proposals for high-occupancy toll lanes or other toll facilities.
 - » **Administering a Road Charge Committee.** The Commission administers the Road Charge Technical Advisory Committee, which informs the California State Transportation Agency and the Commission about road charge-related issues.

YEAR IN REVIEW



This year, the Commission continued to implement the programs established through Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017), also known as the Road Repair and Accountability Act of 2017. In March, the Commission held kickoff workshops to update guidelines for the SB 1 competitive programs, including the Solutions for Congested Corridors Program, the Local Partnership Program, and the Trade Corridor Enhancement Program, followed by additional workshops throughout the year. The Commission also held workshops throughout the year for other programs receiving SB 1 funds, including the Local Streets and Roads Program, the Active Transportation Program, the State Highway Operation and Protection Program, and the State Transportation Improvement Program. Because SB 1 entrusted the Commission with ensuring that funds are appropriately and efficiently spent and accounted for and that transportation benefits are achieved, the workshops held in 2019 included a focus on enhancing accountability and measurement of project outcomes. Throughout the year, the Commission also continued to coordinate with federal, state, regional, and local partners and engage with community members and stakeholders statewide. Additionally, the Commission continued to assist the California Road Charge Technical Advisory Committee in its work evaluating alternative transportation funding mechanisms. During the legislative session, the Commission supported several bills to implement its recommendations to improve California's transportation system.

Solutions for Congested Corridors Program

SB 1 created the \$250 million per year Solutions for Congested Corridors Program (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. The initial cycle of the Congested Corridors Program was approved by the Commission in May 2018. The Commission programmed more than \$1 billion over a four-year period for nine projects, delivered in 29 segments, with a total value of approximately \$3.5 billion.

During Fiscal Year (FY) 2018-19, the Commission allocated \$543 million toward seven project segments. In addition, the Commission initiated development of the 2020 Solutions for Congested Corridors Program by holding five public workshops throughout 2019 to seek input from stakeholders on updates to the existing guidelines. The Commission expects to release draft guidelines in December 2019 and adopt final program guidelines and issue a call for projects in January 2020. The Commission anticipates adopting the 2020 Congested Corridors Program in October 2020.

Local Partnership Program

SB 1 created the Local Partnership Program for local and regional transportation agencies that have sought and received voter approval of taxes, or that have imposed fees, that are

solely dedicated to transportation improvements. The program allocates \$200 million annually for road maintenance and rehabilitation and other transportation improvements, such as for transit. The Commission's 2018 Local Partnership Program Guidelines dedicated 50% of funds for a formulaic program and 50% for a competitive program for initial programming cycles covering FY 2017-18 through 2019-20.

During FY 2018-19, the Commission allocated \$125.6 million in formula program funds and more than \$56.7 million in competitive program funds. In addition, the Commission initiated development of the 2020 Local Partnership Program Guidelines by holding four public workshops to seek input from stakeholders on updates to the existing guidelines. The Commission plans to release draft guidelines in January 2020 and adopt final guidelines and issue a call for projects by March 2020. The Commission anticipates adopting the 2020 Local Partnership Program in October 2020.

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. 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.

During FY 2018-19, the Commission allocated more than \$225.9 million in Trade Corridor Enhancement Program funds to 19 project segments. The Commission also initiated development of the 2020 Trade Corridor Enhancement Program by holding three public workshops throughout 2019 to seek input from stakeholders on updates to the existing guidelines. The Commission plans to release draft guidelines in January 2020 and adopt final guidelines and issue a call for projects in March 2020. The Commission anticipates adopting the 2020 Trade Corridor Enhancement Program in October 2020. This schedule reflects delays in Caltrans' completion of the California Freight Mobility Plan which, by statute, guides project selection in the Trade Corridor Enhancement Program.

Local Streets and Roads Program

SB 1 provides cities and counties with funding for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. The funds are apportioned by the State Controller according to a statutory formula and referred to as the Local Streets and Roads Program. The Commission is responsible for adopting a report of eligible cities and counties and sending it to the State Controller. Also, cities and counties must submit an Annual Project Expenditure Report to the Commission by October each year.

For the second program cycle covering FY 2018-19, the State Controller apportioned \$1.2 billion to 538 cities and counties that the Commission deemed eligible. The Commission received expenditure reports from all 538 recipient cities and counties by the October 2019 deadline. For the third program cycle covering FY 2019-20, the Commission adopted the initial list of eligible cities and counties in June and a subsequent list in August. In total, the Commission deemed 539 cities and counties eligible to receive monthly apportionments totaling approximately \$1.2 billion.

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%.

At its January and May 2019 meetings, the Commission adopted the 2019 Active Transportation Program. This program includes \$456 million for 119 projects. In addition, in June 2019, the Commission programmed \$4 million for 17 projects recommended for funding by the California Conservation Corps and Certified Local Community Conservation Corps. In November, the Commission began holding workshops to update program guidelines. The Commission expects to release draft guidelines in January 2020 and final guidelines and a call for projects in March 2020. The Commission anticipates adopting the 2021 Active Transportation Program in late 2020 or early 2021.

Transportation Asset Management Plan

SB 486 (DeSaulnier, Chapter 917, Statutes of 2014) requires Caltrans, with Commission oversight, to develop a robust Transportation Asset Management Plan to guide transportation investment decision-making in the project selection process for the State Highway Operation and Protection Program. Additionally, SB 1 sets 10-year performance outcomes for four primary asset classes included in the Transportation Asset Management Plan. In March 2018, concurrent with its approval of the Transportation Asset Management Plan, the Commission set annual performance benchmarks for the four primary asset classes specified in SB 1.

Under SB 1, the Commission is required to include in its Annual Report to the Legislature findings on the progress made by Caltrans toward meeting the 10-year performance outcomes. At the December 4, 2019 Commission meeting, the Commission adopted an evaluation of Caltrans' progress toward meeting the statutory performance outcomes, including SB 1 performance targets for pavement goals by 2027. However, on December 6, 2019, with the Independent Office of Audits and Investigations issuing its final audit report on SB 1 performance outcomes for pavement, the Commission first became aware of additional information which may impact its evaluation. As a result, the Commission is reviewing the audit findings and upon finishing this review, it will submit an evaluation of Caltrans' progress in achieving the SB 1 performance goals to the Legislature with an addendum to this Annual Report.

State Highway Operation and Protection Program

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. The adopted 2018 SHOPP is an \$18 billion program covering FY 2018-19 through FY 2021-22.

During FY 2018-19, the Commission allocated the following: \$2.9 billion to 286 SHOPP projects for capital improvements; \$1.1 billion to 877 SHOPP project support phases; \$170 million for right-of-way acquisitions; and \$150 million for minor projects (those with construction costs of \$1.25 million or less). The Commission also approved updated SHOPP Guidelines at the June meeting, after holding a workshop in the spring. To increase accountability on projects with the

potential for higher risks, the updated guidelines require projects with a higher level of funding to execute a baseline agreement, among other requirements.

State Transportation Improvement Program

The State Transportation Improvement Program (STIP) is a five-year program of state highway, local road, transit, and intercity rail improvements. State law requires the Commission to update the STIP biennially, in even-numbered years, with each update adding two new years to prior programming commitments.

During FY 2018-19, the Commission allocated \$725 million for STIP projects, including projects with allocation extensions into FY 2018-19 and projects programmed in future years that were ready to begin construction, and requested advanced allocations.

In May, the Commission approved the 2020 STIP Fund Estimate methodology and assumptions, and, in August, it adopted the 2020 STIP Fund Estimate. The 2020 STIP Fund Estimate includes \$2.6 billion in program capacity over the five-year STIP period covering 2020-21 through 2024-25. This includes additional program capacity of \$408 million for the five-year period.

In early 2019, Commission staff began the development of the 2020 STIP guidelines. Commission staff presented draft guidelines to the Commission at the June meeting and held a workshop in July. The Commission adopted the final guidelines at its August meeting.

Enhanced Coordination and Communication

Throughout the year, the Commission continued to coordinate with federal, state, regional, and local partners in addition to engaging community members and stakeholders statewide. The Commission conducted statewide outreach through a variety of forums, from rural town hall meetings to meetings with government partners to workshops with stakeholders and community-based organizations. These meetings and events are important for understanding the diverse transportation issues across our large state.

The Commission held two joint meetings with the California Air Resources Board (CARB) to coordinate implementation of transportation programs and policies. In April 2019, the Commission and CARB met to discuss innovative mobility, including a presentation on automated vehicle principles for healthy and sustainable communities. In October 2019, the two agencies met to discuss the linkage of housing and transportation policy as well as sustainable transportation planning and project implementation in the San Joaquin Valley. Additionally, in May 2019, the Commission and CARB held a joint public workshop on the potential impacts of the federal vehicle standards rollback.

In July 2019, the Commission hosted a Transportation Policy Forum on identifying policies to increase transit ridership and to ensure transportation infrastructure resiliency in the face of climate change. Forum attendance included state, federal, regional, and local partners, as well as representatives from the business community, environmental groups, other transportation stakeholders, and legislative staff and the public. Panel members discussed a number of possible policy recommendations for Commission consideration to help frame its 2019 legislative recommendations.

Road Charge Technical Advisory Committee

Senate Bill (SB) 1077 (DeSaulnier, Chapter 835, Statutes of 2014) tasked the Chair of the Commission, in consultation with the California State Transportation Agency (Transportation Agency) to convene a 15-member Road Usage Charge Technical Advisory Committee (TAC) to study road usage charge alternatives to the gas tax, make recommendations to the Secretary of the Transportation Agency on the design of a pilot program, and recommend criteria to be used to evaluate the pilot program. The pilot ran from July 2016 through March 2017 and enrolled more than 5,000 vehicles that reported traveling 37 million miles. Following the completion of the pilot program, the Transportation Agency released a final report on the pilot program in December 2017, and the Commission included recommendations for legislative consideration as part of its 2018 Annual Report to the Legislature.

The role of the TAC was reaffirmed with passage of SB 1328 (Beall, Chapter 698, Statutes of 2018) which extended the TAC through January 1, 2023, and directed it to continue to assess the potential for alternative funding mechanisms, including but not limited to a mileage-based revenue collection system. At the April 2019 TAC meeting, the committee adopted a 2019-20 Guiding Objective for California to serve as a national leader on road charge policies and effectively implement and administer a phased-in road charge program that provides long-term sustainable, reliable, and sufficient funding to meet California's transportation system needs. The TAC also adopted a 2019-20 Action Plan to (1) educate key stakeholders and opinion leaders on the need for a road charge, (2) conduct research to prepare California for implementation of a road charge program, (3) advise the Commission on road charge issues for purposes of ultimately advising the Legislature and Administration through the Commission's annual reports, and (4) follow up with the Transportation Agency regarding the status of road charge-related recommendations identified in the Commission's 2018 Annual Report.

Implementing Legislative Recommendations

The Commission's previous Annual Reports to the Legislature have included numerous specific, action-oriented recommendations for legislation. In 2019, legislators introduced several bills implementing Commission recommendations, which the Commission supported. Altogether, the Commission adopted a support position on 10 bills and one legislative joint resolution. Of the 10 bills, six advanced to the Governor and five were signed into law. The Commission wishes to acknowledge the efforts of authors working to implement Commission recommendations.

Commission-supported bills that were signed into law include:

- AB 185 (Grayson): California Transportation Commission: transportation and transportation-related policies: joint meetings
- AB 252 (Daly): Department of Transportation: environmental review process: federal program
- AB 285 (Friedman): California Transportation Plan
- AB 1413 (Gloria): Transportation: transactions and use taxes
- AB 1475 (Bauer-Kahan): Construction Manager/General Contractor method: transportation projects

Both houses of the Legislature passed the following Commission-supported joint resolution:

- SJR 5 (Beall): California transportation infrastructure

Bills that the Commission supported but did not become law were:

- AB 371 (Frazier): Transportation: freight: statewide economic growth, prosperity, and resiliency assessment
- AB 659 (Mullin): Transportation: emerging transportation technologies: California Smart City Challenge Grant Program
- AB 970 (Salas): California Department of Aging: grants: transportation
- ACA 1 (Aguiar-Curry): Local government financing: affordable housing and public infrastructure: voter approval
- SB 59 (Allen): California Transportation Commission: advisory committee: autonomous vehicle technology

COMMISSION POLICY ISSUES AND RECOMMENDATIONS FOR 2020

Since the Commission's inception in 1978 as an independent state agency, it has been statutorily charged with advising and assisting the Legislature and Administration in formulating and evaluating state transportation policies and plans. The Commission also is statutorily required to submit an Annual Report to the Legislature discussing major transportation issues and making specific, action-oriented, and pragmatic recommendations for legislation to improve the transportation system.

The Commission's recommendations are intended to assist the state in its pursuit of goals related to transportation, including but not limited to improving the mobility of people and goods, reducing greenhouse gas emissions, and addressing impacts to under-represented communities. Many of the Commission's past recommendations have been enacted, leading to increased funding for transportation and improved project delivery and accountability.

This year's legislative recommendations come from policy ideas generated by technical experts, partner agencies, the California Road Charge Technical Advisory Committee, and other stakeholders, as well as ideas arising at the Commission's July 2019 Transportation Policy Forum held in Sacramento. The forum considered (1) policy modifications to promote transit ridership in California, while balancing the state's economic and environmental goals, and to address challenges transit agencies face in meeting state mandates to make the transition to a zero-emission bus fleet by 2040, and (2) policies to ensure the resiliency of California's transportation infrastructure to the current and future effects of climate change, including increased wildfire and storm activity, as well as exposure to sea-level rise and higher than average temperatures.

Transit Ridership

California's transit systems deliver transportation services to the public through buses, light rail, heavy rail, commuter rail, ferry service, and other means. Transit serves a critical role in the state's transportation network by enabling subsidized access to transportation services for individuals unable to own or ride in a privately owned vehicle. Transit also can move large numbers of people more efficiently than passenger vehicles, which can help alleviate congestion on the state's highways and roads as well as reduce greenhouse gas emissions. In recognition of the important benefits that transit provides, state and local governments in California have increased funding for transit in recent years through passage of Senate Bill 1 and local sales tax measures.

Given the many benefits of transit, it is concerning that transit ridership per capita has been falling in California. Ridership declines have been most acute on bus service, while rail ridership has fared somewhat better. Many reasons are cited for the ridership decline but understanding the "why" is important for transit planning. Why are private vehicle purchases increasing in recent years? What does the growing use of ride-hailing services (such as Uber and Lyft) and



their effect on transit teach us? How does the customer experience affect ridership? Why is ridership on buses declining more than on rail? To answer these questions, policy makers must have a solid understanding of how cost, speed, convenience, comfort, safety, and privacy affect the decision of an individual to choose transit over other viable choices.

At the same time that transit systems in California are facing challenges in attracting and retaining riders, they are experiencing significant challenge to their operations related to regulatory compliance. The California Air Resources Board (CARB) has mandated that transit operators make the transition to a zero-emission bus fleet by 2040 to help meet the state's greenhouse gas emissions reduction targets. Meeting this mandate will require overcoming substantial funding and logistical challenges as transit agencies work to determine how to purchase and integrate zero-emission vehicles and charging stations into their systems. Given the costs involved in modifying a bus fleet that is serving fewer and fewer riders each year, it is important to consider policies to facilitate an efficient transition to zero-emission vehicles so as to mitigate bus service disruptions that could exacerbate the recent ridership declines.

Addressing these challenges will be a complex and difficult endeavor. During Fiscal Year 2019-20, the Commission intends to focus attention towards developing additional recommendations for the Legislature to consider for the purpose of increasing transit ridership. As a first step in the short term, to address these concerns, the Commission recommends the Legislature take the following actions.

Recommendations

1. Authorize additional transit agencies to operate buses on highway shoulders.

Allowing transit buses to travel on specified highway shoulders at low speeds is designated "bus-on-shoulder" operations. The purpose of bus-on-shoulder programs is to allow buses to avoid congestion, thereby improving time reliability for bus riders. This, in turn, can help retain and attract more riders to the bus system. Moving buses more efficiently offers other benefits as well, such as reducing greenhouse gas emissions.

Bus-on-shoulder programs have been authorized in certain metropolitan areas in about a half dozen states. Generally, the programs allow buses to use the shoulder only when travel speeds on the highway are below a certain threshold, usually 35 miles per hour. When speeds drop below this threshold, the programs authorize buses to use the shoulder to travel up to 15 miles per hour faster than the speed at which traffic is flowing, up to the 35-mile-per-hour threshold. Some programs also impose time restrictions, permitting buses to travel on the shoulder only during peak commute hours.

The limit on the speed at which buses may travel is a key feature of bus-on-shoulder programs. The relatively low speeds authorized help ensure safety – for instance, by ensuring that bus operators can see obstructions on the shoulder and that they are able to safely merge on and off the shoulder. Specialized training for bus drivers and signs to alert other drivers that buses may be operating on the shoulder also help ensure safety. Additionally, the highway shoulders used for bus operations must be of an adequate size and strength to allow for the bus to travel safely.

Bus-on-shoulder programs have been authorized on a very limited scale in California. In 2005, a 10-month demonstration project was authorized in San Diego County to allow buses to operate on State Route 52. The demonstration project resulted in a 99% on-time performance for buses operating on the shoulder. It also resulted in a decrease in the percentage of transit riders expressing concerns about traffic congestion. Further, the project did not result in any collisions, and nearly all riders surveyed said they felt safe while

riding on the shoulder. Experience from other states allowing bus-on-shoulder operations has been similar in terms of performance and safety.

Based on the success of the San Diego demonstration project, AB 946 (Stone, Chapter 426, Statutes of 2013) authorized the Monterey-Salinas Transit District and the Santa Cruz Metropolitan Transit District to operate buses on highway shoulders within the areas served by their districts, subject to approval by Caltrans and the California Highway Patrol. To date, neither transit agency has implemented a program. Limited resources for planning and evaluating potential projects has been a barrier for both agencies. The Santa Cruz Metropolitan Transit District, however, currently is moving forward with a plan to seek approval from Caltrans and the California Highway Patrol to operate buses on the shoulder of State Route 1.

Since the passage of AB 946, several additional transit agencies have sought similar legislative authorization to operate bus-on-shoulder programs, but to date none have been granted this authority. Given the successes demonstrated in California and elsewhere in the nation, the Commission recommends that the Legislature authorize additional transit agencies to operate bus-on-shoulder programs, subject to the same requirements as AB 946, including the approval of Caltrans and the California Highway Patrol.

2. Create an information exchange for transit operators converting to zero-emission vehicle fleets to identify best practices regarding charging schedules, energy usage, infrastructure development, vehicle procurement, and maintenance.

In 2018, the California Air Resources Board (CARB) mandated transit operators to convert to zero-emission bus fleets by 2040 to help meet the state's greenhouse gas emissions reduction targets. Under CARB's Innovative Clean Transit regulation, large and small transit agencies are required to develop and submit a zero-emission bus rollout plan by July 1, 2020, and July 1, 2023, respectively. The regulation also specifies a schedule through 2029 for transit agencies to acquire a minimum number of zero-emission buses at the time of new bus purchases.

Many transit agencies are now only starting to operate a few zero-emission vehicles and are learning how to integrate them into their fleets. These initial efforts have yielded valuable insights, but further experience is needed to determine best practices for how to deploy zero-emission buses on a large scale. A few challenges still need exploration and evaluation, among which are how to manage the use of electricity cost effectively; how to negotiate with power companies for special rates; how and where to install charging infrastructure; how to ensure a competitive process when procuring zero-emission vehicles; and how to adjust bus routes and lengths to accommodate charging needs.

To identify best practices for these issues, transit operators, bus manufacturers, and utilities need more experience with large-scale deployments. Rather than having each transit agency explore these issues on their own, the Commission believes it would be more cost effective for a few transit agencies to document their experience and share that learning with the rest of California's transit operators, as well as industry, through an information exchange.

Toward that end, the Commission recommends that the Legislature create a competitive program for a few transit operators to receive funding for large-scale zero-emission vehicle deployment. The program could fund activities such as vehicle purchases, bus route analysis, charging infrastructure, and research and evaluation. To ensure a robust research and evaluation component, grant recipients could be required to partner with an independent research institution to validate data collected and assist in disseminating key lessons

learned to the industry. Criteria for selecting recipients should focus on the readiness of the proposed program, the availability of matching funds, the use of innovative strategies, and the ability to partner with a research institution. Funding for the program could come from discretionary Greenhouse Gas Reduction Funds.

Transportation Infrastructure Resiliency

Climate change is affecting California's transportation infrastructure. During the winter of 2016–17, unusually heavy and frequent storms across the state caused flooding, washouts, and landslides that caused over \$1 billion in damage to the state highway system. Exceptionally large wildfires also have caused significant damage throughout the state in recent years, including the November 2018 Camp Fire in Butte County that devastated roads and utilities in that area. With the effects of climate change projected to increase in the coming years, California will almost certainly continue to face similar – or worse – natural disasters affecting its transportation infrastructure and, by extension, the mobility, economy, and safety of its residents.

The resiliency of California's transportation infrastructure is an important policy consideration. Transportation agencies must work on diagnosing and prioritizing transportation assets to withstand severe weather events, without significant degradation or loss of operational utility. Transportation systems also must have a certain level of redundancy so that alternative means of travel are available in the event an asset is impaired or disabled.

As a leader in addressing the challenges posed by climate change, California has begun to take steps to make its transportation infrastructure more resilient to withstand natural events. For instance, work is under way by Caltrans to determine how the state highway system can withstand increases in temperatures, precipitation, wildfires, sea levels, storm surges, and cliff retreats, in addition to earthquakes. Regional and local governments in California likewise have begun to take actions in recent years to address the impact of climate change on their transportation infrastructure. But many challenges remain. In some cases, policies need to be integrated more fully into practice to ensure that the desired results are achieved. Further, systematic risks to transportation infrastructure still are not well understood and funding dedicated to resiliency is lacking. To bolster the state's efforts to ensure the resiliency of its transportation infrastructure throughout the state to meet the climate change challenges that lie ahead, the Commission has identified the following opportunities for the Legislature to take action.

Recommendations

3. Require that the forecasted impacts of climate change are addressed in the California Transportation Plan and the Transportation Asset Management Plan.

In 2014, Caltrans conducted a Climate Change Vulnerability Pilot Assessment for District 1, which includes Del Norte, Humboldt, Mendocino, and Lake counties. The purpose of the pilot assessment was to identify and classify the potential vulnerabilities of state-owned transportation assets to climate change throughout District 1, as well to identify and evaluate a range of adaptation options to address the identified vulnerabilities at four locations (one in each county). Upon completion of the pilot assessment, Caltrans undertook Climate Change Vulnerability Assessments for each of the remaining 11 districts, and expects to finish them in 2019. Based on these assessments, Caltrans next plans to develop adaptation plans for each district. These adaptation plans will incorporate identified vulnerabilities and district-specific geography and transportation needs. The adaptation plans will inform Caltrans' forthcoming Climate Action Report, which will prioritize projects within each district in terms of climate-related threats and the consequences of inaction.

These climate change-focused studies of the state's transportation infrastructure are critical to determining how to respond to the looming threats posed by increases in severe weather events. To ensure that the Climate Change Vulnerability Assessments and the Climate Action Report result in tangible projects, however, their findings, especially regarding project prioritization, must be factored into the state's transportation planning documents.

As required by SB 486 (DeSaulnier, Chapter 917, Statutes of 2014) and federal law, Caltrans must prepare a Transportation Asset Management Plan to assess the health and condition of the state highway system, and determine the most effective way to apply the state's limited resources. The Commission then must review and approve the Transportation Asset Management Plan, and set targets and performance measures reflecting state goals and objectives. The Transportation Asset Management Plan is used to guide the selection of projects for the State Highway Operation and Protection Program – the main state program for funding state highway system rehabilitation projects. In addition, state law requires that every five years Caltrans must prepare a California Transportation Plan that identifies multi-modal system improvements over a 20-year horizon.

Caltrans has begun to incorporate some of its climate change findings in its design work. For example, Caltrans has a design policy that requires consideration of sea level rise and tidal flow for bridge projects, where appropriate. And, with the increase in wildfire occurrences throughout the state in recent years, Caltrans is now evaluating the use of alternative construction materials in fire-prone areas. However, no fiscal performance goals or targets associated with the consideration of climate change impacts on transportation infrastructure are currently incorporated in the Transportation Asset Management Plan. Thus, specific incentives and/or requirements are lacking to ensure, for example, that the pavement and materials used for today's highway projects will be adequate to withstand higher temperatures and heavier storms a decade or two from now. And, with the cost of climate change adaptation features typically treated as an "additional" cost, as opposed to part of the overall project costs, disincentives currently deter this work from being undertaken. Thus, to ensure that Caltrans' work on climate change adaptation findings are integrated into highway planning and investment decision documents, the Commission recommends that the Legislature require Caltrans to include its climate adaptation findings in the development of future Transportation Asset Management Plans.

Climate adaptation also is an important consideration for the state's long-range planning, as embodied in the California Transportation Plan. In its guidelines for the development of 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 (shalls), 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. To ensure the state adequately plans for adapting the built environment to climate change, the Commission recommends that the Legislature require consideration of climate adaptation planning in the California Transportation Plan.

4. Create a new program to fund climate change adaptation planning for transportation impacts, data collection and modeling, and training, through the Greenhouse Gas Reduction Fund.

Senate Bill 1 authorized \$20 million over three years (2017-18 through 2019-20) for climate change adaptation planning grants to local and regional agencies. These funds came from the repayment of transportation funds loaned to the General Fund in previous years and are no longer available on an ongoing basis, because the loan repayments have been fulfilled.

Although this source of funds for climate adaptation planning has ended, the need to plan for climate change continues. Additionally, panelists at the Commission's July 2019 Transportation Policy Forum cited the need for funding to improve data collection and modeling of the forecasted effects of climate change. This is because historical data on weather events is no longer an accurate indicator of what will happen in the future. Consequently, the state needs to update its models for flood plains and rainfall, as well as the combined effects of weather events (such as wildfires and mudslides). Panelists also cited the need for funding to train engineers and other technical staff to learn adaptive design techniques.

While a portion of these activities potentially could be funded by redirecting resources administratively, additional funding is necessary. The Commission recommends that the Legislature fund these activities through a new program supported by discretionary Greenhouse Gas Reduction Funds, because many climate adaptation infrastructure projects also help to mitigate greenhouse gas emissions, such as those involving nature-based solutions. Moreover, Greenhouse Gas Reduction Funds currently support some climate adaptation activities for certain non-transportation agencies. For instance, the Legislature has appropriated funds from the Greenhouse Gas Reduction Fund to the San Francisco Bay Conservation and Development Commission for coastal resilience planning, and to the Wildlife Conservation Board for climate adaptation and conservation easements. Along these lines, the Commission recommends the Legislature's appropriation of funding from the Greenhouse Gas Reduction Fund for transportation resiliency planning and related activities.

Road Charge

SB 1077 (DeSaulnier, Chapter 835, Statutes of 2014) 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. The legislation also required the Transportation Agency, based on the recommendations of the Technical Advisory Committee, to implement a pilot program to identify and evaluate issues related to the potential implementation of a road usage charge program. SB 1077 sunset these provisions on January 1, 2019.

In December 2015, the Technical Advisory Committee adopted design and evaluation criteria recommendations to guide development of a road charge pilot program. The Transportation Agency then delegated to Caltrans the responsibility for designing and administering a pilot program consistent with the committee's recommendations. The pilot program ran from July 2016 through March 2017 and enrolled more than 5,000 vehicles. Participants could use one of five methods to report their mileage, although no actual cash transactions took place. Following the completion of the pilot program, the Transportation Agency released a final report in December 2017. This final report contained an overview of the pilot program and identified five next steps: (1) evaluate a pay-at-the-pump mileage reporting method, (2) test the collection of actual revenues, (3) investigate options for standardizing in-vehicle telematics, (4) establish a

technology collaborative with representatives from both the public and private sectors, and (5) study the organizational design and identify implementing departments and agencies for the road charge program.

In 2018, the role of the Technical Advisory Committee was reaffirmed with the passage of SB 1328 (Beall, Chapter 698, Statutes of 2018), which extended the Technical Advisory Committee through January 1, 2023. That legislation also directed the committee to continue to assess the potential for mechanisms, including but not limited to a mileage-based revenue collection system, to use as alternative methods to the existing gas tax system for generating revenues necessary to maintain and operate the state's transportation system. To further the Technical Advisory Committee's ability to assess alternatives to the existing gas tax, the Commission, in consultation with the Technical Advisory Committee, has identified recommended actions for the Legislature to consider.

5. Building upon the next steps identified by the Transportation Agency in its 2017 report, authorize the Transportation Agency, in consultation with the Commission and Road Charge Technical Advisory Committee, to create a demonstration program to test the collection of revenue for a per-mile road charge program; prepare recommendations for a vehicle telematics standard; and conduct additional research, such as an evaluation of the potential impacts of a road charge on disadvantaged communities.

Although the road usage charge pilot program conducted from July 2016 through March 2017 tested various mileage reporting methods, no actual revenue was collected. Instead, the collection of revenue was simulated through mock invoices and payments. Because revenue collection is a critical feature of a road usage charge system, the Commission believes that a demonstration program is needed to test the financial and administrative feasibility of processing payments. To this end, the Commission recommends that the Legislature authorize the Transportation Agency, in consultation with the Commission and the Road Charge Technical Advisory Committee, to conduct such a demonstration. For example, a demonstration program could start by enrolling state-owned vehicles; assess various options for revenue collection (including regional toll authorities and private account managers); and investigate different fee-charging technologies to address data security and privacy concerns (such as blockchain). Upon completion of the demonstration program, the Legislature should require a report from the Transportation Agency on its implementation of the demonstration program.

Along with authorizing a demonstration pilot program, the Legislature should call upon the Transportation Agency, in consultation with the Commission and the Road Charge Technical Advisory Committee, to prepare a recommendation of the standard for telematics to be used for all new vehicles registered for personal or commercial use in California to enable the transmitting of vehicle information, including odometer readings. A standard for the transmission of odometer readings is essential to the successful implementation of a road charge program and to ensure uniformity across states. The Legislature could use the recommendation for a standard in its decision-making process for the development of a statutory telematics standard.

Lastly, the Legislature should call upon the Transportation Agency, working with the University of California, to build upon the 2017 California Road Charge Pilot Program and conduct additional research, such as an evaluation of the potential impacts to disadvantaged communities resulting from a transition to a per-mile road charge program.

Transportation Funding

6. Require that interest earnings on funds in the Road Maintenance and Rehabilitation Account be dedicated to the State Highway Operation and Protection Program.

SB 1 created a new Road Maintenance and Rehabilitation Account that receives about \$3 billion annually in state revenues from gasoline excise taxes, diesel excise taxes, transportation improvement fees (assessed on registered vehicles), and zero-emission vehicle fees. These revenues are realized over the course of a fiscal year as they are collected. The revenues are used to support various transportation programs, as specified in SB 1.

SB 1 dedicates revenues deposited into the Road Maintenance and Rehabilitation Account sequentially for six purposes in fixed amounts: (1) \$200 million for the Local Partnership Program, (2) \$100 million for the Active Transportation Program, (3) \$400 million for state bridge and culvert maintenance and rehabilitation, (4) \$25 million for freeway service patrols, (5) \$5 million for workforce development programs (until 2021-22), and (6) \$7 million for research. The remaining balance of revenues deposited in the account is then divided equally between the State Highway Operation and Protection Program (SHOPP) and the Local Streets and Roads Program.

As is the case for the General Fund and other special funds, the Road Maintenance and Rehabilitation Account has a cash balance associated with it to ensure the availability of funds. This cash balance is invested in interest-bearing financial instruments through the state's Pooled Money Investment Account. The Road Maintenance and Rehabilitation Account then receives associated interest earnings. For 2019-20, these interest earnings are estimated to equal \$20.3 million. It is important to note that Road Maintenance and Rehabilitation Account funds associated with the Local Streets and Roads Program do not contribute toward these state interest earnings, because interest on these funds is earned in local investment accounts.

Whereas SB 1 dedicates the revenues deposited into the Road Maintenance and Rehabilitation Account to specified programs, the legislation does not contain statutory language dedicating interest earnings to specific programs. Thus, the interest earnings effectively end up in the account's cash balance. To ensure these interest earnings do not accumulate unnecessarily, the Commission recommends that the Legislature statutorily dedicate interest earnings to the SHOPP. This is consistent with the legislative intent for the SHOPP to receive the balance of funds remaining in the Road Maintenance and Rehabilitation Account after the fixed distributions. It also recognizes that interest is earned in local investment accounts for Road Maintenance and Rehabilitation Account funds dedicated to the Local Streets and Roads Program.

SB 1 ACCOUNTABILITY, TRANSPARENCY, AND 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. California has been put on a trajectory to make significant progress in achieving a world-class transportation system. Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017) provides significant, stable, and ongoing state transportation funding for repair of local roads and state highways, transit, intercity rail, and active transportation, as well as improving goods movement and alleviating congestion through multimodal solutions in critical corridors throughout the state. The programs funded by SB 1 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. After the Commission dedicates funding to specific projects, Caltrans performs administrative oversight for these programs and prepares and submits regular progress reports for each project by program to the Commission. These progress reports are required to be written in plain language, so the public can understand how tax dollars are spent. The Commission takes appropriate actions when issues and concerns are identified.

SB 1 stipulates several 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."

Consistent with the mandates of SB 1, the Commission adopted the SB 1 Accountability and Transparency Guidelines in March 2018. The guidelines were developed through an open and transparent process and clearly communicate the Commission's expectations for program and project accountability, and require timely delivery of transportation system improvements and reporting on project delivery outcomes and resulting benefits. To further these expectations, the Commission requires Baseline Agreements for certain projects to set forth the agreed-upon scope, measurable expected performance benefits, delivery schedule, budget, and funding plan.

At its October 2018 meeting, the Commission approved a benefits form that is an addendum to the Baseline Agreements for the Active Transportation Program, the Local Partnership Program, the Solutions for Congested Corridors Program, and the Trade Corridor Enhancement Program. The benefits form is specific to each program, and documents the expected quantifiable benefits and standardizes the reporting of these benefits. The form provides documentation for the assumptions and methodologies used to determine the expected benefits. The form also enables a comparison to the forecasted conditions under a no-build scenario.

SB 1 additionally created the Independent Office of Audits and Investigations to ensure that 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 has been working collaboratively with the Inspector General in this new role to ensure that public funds are used responsibly.

The Commission 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 SHOPP projects 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. Additionally, the Commission 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 to better measure Caltrans' performance. 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 benchmarks and targets are discussed in the Transportation Asset Management Plan section of this report.

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 \$133 million in efficiency-related savings. In December 2019, Caltrans presented its second annual efficiencies report to the Commission. This report shows that in FY 2018-19 Caltrans achieved \$233 million in savings, including \$109 million from innovative tools, \$98 million from process improvements, and \$26 million from new technology.

In addition to increasing investment in transportation, SB 1 also focuses on the achievement of specific transportation benefits in California. Most notably, 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, the state will deliver improvements that enhance trade, protect the environment, and improve our quality of life.

The Commission's actions brought forth by SB 1 have delivered critically needed multimodal transportation investments throughout California. Investments include, but are not limited to, fixing and improving safety and mobility on state highways, bridges, and local streets and roads, as well as investments in transit systems, enabling Californians to get to work, to school, and to recreational activities more easily and safely. The investments also reduce congestion and improve the efficient delivery of goods throughout California. Taxpayers are already driving, cycling, and walking on safer highways, and local streets and roads. Other improvements, such as transformative transit and complex multimodal 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.

The Commission is committed to continually improving the programs under its purview. As a matter of practice, all program guidance and processes are transparently evaluated and updated for improvement at regular intervals. 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.

SOLUTIONS FOR CONGESTED CORRIDORS PROGRAM

SB 1 created the Solutions for Congested Corridors Program (Congested Corridors Program). Each year, \$250 million in transportation improvement fee revenues are deposited into the State Highway Account 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 intended to reduce congestion in highly traveled corridors by providing more transportation choices while preserving or enhancing the character of local neighborhoods.

Regional transportation planning agencies, county transportation commissions, and Caltrans are eligible to apply for program funds. SB 1 requires all nominated projects to be identified in a currently adopted Regional Transportation Plan and an existing comprehensive corridor plan. SB 1 also mandates the Commission to select projects based on the following criteria:

- Safety;
- Congestion;
- Accessibility;
- Economic development, job creation, and retention;
- Air pollution and greenhouse gas emission reductions;
- Efficient land use;
- Matching funds; and
- Project delivery.

In May 2018, the Commission adopted the initial Congested Corridors Program and programmed \$1 billion to nine corridor projects, delivered in 29 segments, with a total value of more than \$3.5 billion. This first funding cycle included four years of project programming, from FY 2017–18 to 2020–21. A complete list of the projects programmed in the 2018 Congested Corridors Program is available on the Commission's website at <https://catc.ca.gov/programs/sb1/solutions-for-congested-corridors-program>.

Agencies seeking project funding from the Congested Corridors Program are required to have a Comprehensive Multimodal Corridor Plan. At its December 2018 meeting, the Commission approved the 2018 Comprehensive Multimodal Corridor Plan Guidelines. These guidelines are intended to assist eligible applicants in complying with the statutory requirements for comprehensive corridor plans.

SB 1 requires the Commission to report annually on the progress of projects receiving funding; expenditures to date for all project phase costs; milestones achieved during the prior year and expected milestones for the coming year; and an assessment of how the project is meeting the quantitative and qualitative measurements identified in the project nomination. Table 1 presents



this information, except the quantitative and qualitative benefits, which will be determined and reported when the projects are complete and operable.

Table 1
Solutions for Congested Corridors Project Status

	Project Segment	Programmed (in \$000s)	Allocation Date	Allocated (in \$000s)	Award Date	Expended (in \$000s)	Milestones Completed (FY 2018-19)	Milestones Upcoming (FY 2019-20)
1	Gold Line Light Rail Improvements	20,300				-		Allocation, Award and Begin Construction
2	Franklin Boulevard Cycle Track Phase 1	200	Jun 19	200			Allocation	Award, Begin and End Construction
3	US 50 Multimodal Corridor Enhancement Project/US 50 HOV Lanes (I-5 to Watt Ave)	90,000	Mar 19	90,000			Allocation	Award and Begin Construction
4	Sac 5 Corridor Enhancement Project	14,800	May 18	14,800	May-19	1	Award and Begin Construction	
5	Marin Sonoma Narrows Segment C2 - HOV Lanes Gap Closure	84,791	Mar 19	84,791			Allocation and Award	Begin Construction
6	US 101 Managed Lanes Project - Northern Segment	125,190					PAED	Design, Right of Way, Allocation, Award, and Begin Construction
7	US 101 Managed Lanes Project - Southern Segment	74,810	Dec 18	74,810	Jan-19	22,739	Allocation, Award, and Begin Construction	
8	Silicon Valley Express Lanes Program - Phase 3	33,200	Aug 18	33,200	Dec-18	2,995	Allocated, Award, and Begin Construction	
9	North Padaro Lane Coastal Access Improvements	3,270						Right of Way
10	Summerland Area Coastal Access Improvements	8,320						PAED
11	Santa Claus Lane Class I Bikeway	6,830						PAED, Right of Way, and Allocation
12	Santa Claus Lane Streetscape, Coastal Access Parking and Railroad Crossing	7,040						PAED, Right of Way, and Allocation

	Project Segment	Programmed (in \$000s)	Allocation Date	Allocated (in \$000s)	Award Date	Expended (in \$000s)	Milestones Completed (FY 2018-19)	Milestones Upcoming (FY 2019-20)
13	Santa Monica Road and Via Real Intersection Improvements	3,610						PAED
14	South Coast 101 HOV Lanes - Carpinteria (Segment 4A)							Right of Way and Allocation
15	South Coast 101 HOV-Padaro (Segment 4B)	61,810						
16	South Coast 101 HOV-Summerland (Segment 4C)	42,000						Right of Way and Allocation
17	Airport Metro Connector 96th Street Transit Station	150,000					Right of Way	Allocation, Award, and Begin Construction
18	Redlands Passenger Rail Project	65,000	Oct 18	65,000	May-19		Right of Way, Allocation, Award, and Begin Construction	
19	I-5 North Coast Corridor HOV Extension - Phase 1 - Encinitas HOV	195,000	Aug 18	195,000	Nov-18	28,213	Allocation, Award, and Begin Construction	
20	I-5 North Coast Corridor HOV Extension - Phase 1 - Carlsbad HOV							Right of Way, Allocation, Award, and Begin Construction
21	Central Orange County Corridor - Bravo! Main Street Rapid Bus	4,331						
22	Central Orange County Corridor - Traffic Light Synchronization - Warner Avenue	4,092						PAED and Allocation
23	Central Orange County Corridor - Traffic Light Synchronization - MacArthur Boulevard	2,951						PAED and Allocation
24	Central Orange County Corridor - Traffic Light Synchronization - Edinger Avenue	4,957						PAED and Allocation

	Project Segment	Programmed (in \$000s)	Allocation Date	Allocated (in \$000s)	Award Date	Expended (in \$000s)	Milestones Completed (FY 2018-19)	Milestones Upcoming (FY 2019-20)
25	Warner Avenue Class II Bikeway	1,443						
26	Red Hill Class II Bikeway	383						PAED
27	Newport Avenue Class II Bikeway	485						PAED
28	Santa Ana-Santa Fe Channel Class I Bikeway	1,021						PAED
29	Main Street Class II Bikeway	255						PAED, Right of Way, and Allocation
Totals		1,006,089		557,801		53,948		

Notes: The Congested Corridors Program only funds the construction phase of a project. Projects beginning construction normally take about 36 months to complete construction. The next major milestones for project segments 15, 21, and 25 will occur in FY 2020-21. Project segments 14 and 20 are not receiving Congested Corridor Program funds, but are part of a Congested Corridor Program project.

LOCAL PARTNERSHIP PROGRAM

SB 1 created the Local Partnership Program for local and regional transportation agencies that have sought and received voter approval of taxes, or that have imposed fees, that are solely dedicated to transportation improvements. The program allocates \$200 million annually for road maintenance and rehabilitation and other transportation improvements, such as for transit. The Commission's 2018 Local Partnership Program Guidelines dedicated 50% of funds for a formulaic program and 50% for a competitive program for initial programming cycles covering FY 2017-18 through 2019-20.



Formulaic Program

The 2018 Local Partnership Formulaic Program is a two-year, \$200 million program covering FY 2017-18 and 2018-19. As of June 2019, the 2018 Local Partnership Formulaic Program includes 69 projects, totaling \$176.4 million. The Commission's program guidelines allow agencies to nominate projects for programming in the subsequent program cycle. An additional \$14.5 million was programmed as part of the 2019 Local Partnership Formulaic Program. The remaining \$9.1 million is still available for programming as part of the 2019 program.

The 2019 Local Partnership Formulaic Program is a one-year, \$100 million program covering FY 2019-20. As of June 2019, the 2019 Local Partnership Formulaic Program includes 38 projects totaling \$89.3 million for 41 agencies. This includes \$74.7 million in funding from the 2019 program and \$14.5 million from the 2018 program. In addition, the Commission approved an amendment to the initial Formulaic Program Share Distribution to include incentive funding totaling \$20 million for four eligible jurisdictions.

During FY 2018-19, the Commission allocated \$125.6 million in Local Partnership Formulaic Program funds to projects ready for implementation. This includes \$111.6 million for the 2018 program and \$14 million for the 2019 program. Since the program's inception, the Commission has allocated \$184 million in total.

A complete list of projects programmed is available on the Commission's website at: <https://catc.ca.gov/programs/sb1/local-partnership-program>.

Competitive Program

The Commission's Local Partnership Program Guidelines require each project nomination for the Competitive Program to be reviewed based on set screening and evaluation criteria, with higher priority given 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; and
- Within a metropolitan planning organization, projects that further the implementation of the sustainable communities strategy.

In May 2018, the Commission adopted the 2018 Local Partnership Competitive Program, which covered FY 2017-18 through 2019-20, and programmed \$308.8 million for 27 projects submitted by 26 agencies. The total value of the projects is more than \$1.74 billion. During FY 2018-19, the Commission allocated more than \$56.7 million in Local Partnership Competitive Program funds to nine projects.

A complete list of projects programmed in the 2018 Competitive Local Partnership Program is available on the Commission's website at <https://catc.ca.gov/programs/sb1/local-partnership-program/local-partnership-program-competitive>.

Pursuant to the Commission's SB 1 Accountability and Transparency Guidelines, each project programmed in the Local Partnership Competitive Program with a total project cost of \$25 million or greater or a total programmed amount of \$10 million or greater is required to execute a Baseline Agreement. As of June 2019, nine projects of 12 programmed in the Local Partnership Competitive Program have complied with this requirement.

2020 Local Partnership Program

The Commission initiated development of the 2020 Local Partnership Program Guidelines by holding four public workshops to seek input from stakeholders on updates to the existing guidelines. The Commission plans to release draft guidelines in January 2020 and adopt final guidelines and issue a call for projects by March 2020. The Commission anticipates adopting the 2020 Local Partnership Program in October 2020.

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.

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 California Air Resources Board to achieve the region's greenhouse gas emissions reduction targets. Commission staff evaluate 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 or mitigation, bottleneck relief, multimodal strategy, interregional benefits, and advanced technology;
- Community Impact Factors – air quality impact, community impact mitigation, and economic or jobs growth;
- Project Readiness – ability to complete the project in a timely manner;
- Matching Funds – demonstration of the required 30% matching funds for regionally implemented projects; and
- Jointly Nominated and/or Jointly Funded.

In May 2018, the Commission adopted the initial Trade Corridor Enhancement Program and programmed \$1.4 billion to 28 projects, delivered in 39 segments, with a total project value of more than \$4 billion. This first funding cycle was a three-year program covering FY 2017-18 through 2019-20 and includes five years of federal funding and three years of state funding (about \$300 million per year from SB 1). Pursuant to the Commission's SB 1 Accountability and Transparency Guidelines, each project programmed is required to execute a Baseline Agreement. As of June 2019, all projects programmed have complied with this requirement. A complete list of projects programmed is available on the Commission's website at <https://catc.ca.gov/programs/sb1/trade-corridor-enhancement-program>.

During FY 2018-19, the Commission allocated \$225.9 million in Trade Corridor Enhancement Program funds to 13 project segments. Through June 2019, total allocated funds are \$464.8 million to 19 project segments.

The Commission also initiated development of the 2020 Trade Corridor Enhancement Program by holding three public workshops throughout 2019 to seek input from stakeholders on updates to the existing guidelines. The Commission plans to release draft guidelines in January 2020 and adopt final guidelines and issue a call for projects in March 2020. The Commission anticipates adopting the 2020 Trade Corridor Enhancement Program in October 2020. This schedule reflects delays in Caltrans' completion of the California Freight Mobility Plan which, by statute, guides project selection in the Trade Corridor Enhancement Program.



LOCAL STREETS AND ROADS PROGRAM

SB 1 provides cities and counties with funding for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. The funds are apportioned by the State Controller (Controller) according to a statutory formula and designated as the Local Streets and Roads Program.

To be eligible each year, cities and counties must adopt a list of projects via resolution at a regular meeting of their board or council. Cities and counties then send adopted project list resolution packages to the Commission for review. The Commission adopts a report of eligible cities and counties and sends it to the Controller, which then disburses funds monthly based on the statutory formula. Cities and counties must submit an Annual Project Expenditure Report to the Commission by October 1 each year.

For the second program cycle covering FY 2018-19, the Controller disbursed the first monthly apportionment on September 22, 2018, and the last monthly apportionment on August 22, 2019. In total, the Controller apportioned \$1.2 billion to 538 cities and counties that the Commission deemed eligible. The projects identified for the second cycle ranged from road maintenance and repair to pre-construction and other public works operations.

In August 2018, the Commission adopted the 2019 Local Streets and Roads Funding Program Reporting Guidelines, which expanded the information needed for eligibility and expenditure reporting. The Commission held four workshops via webinar to discuss the draft guidelines. Representatives of about 72% of cities and counties attended the workshops. The Commission also consulted with the California State Association of Counties, the League of California Cities, and the State Controller's Office.

Of the 538 cities and counties deemed eligible for the second program funding cycle covering FY 2018-19, the Commission received all required expenditure reports by the October 2019 deadline. The Commission aggregated the information submitted and posted the results on its website for the public and Legislature. The Commission also provided the data collected from the expenditure reports to the Controller. Table 2 contains preliminary information aggregated from the expenditure reports submitted:



Table 2
FY 2018-19 Local Streets and Roads Program

Preliminary Annual Project Expenditure Report – Statewide Summary

Total Funds Received for FY 2018-19	Total Funds Remaining From FY 2017-18	Total Funds Spent in FY 2018-19
\$1,219,587,325	\$252,882,743	\$547,972,433

Projects Reported	Projects by Status	Total Project Cost (All Funds)
New Projects: 356	Completed: 936	\$840,905,083
Original Proposed Projects: 2,536	In Progress: 938	\$1,680,076,668
Projects with Other Funds: 432	Carried into FY 2019-20: 697	\$665,871,417
	Forecasted for FY 2020-21 or Later: 287	\$317,263,402
	Grand Total of Project Costs	\$3,496,698,178

Road Maintenance and Rehabilitation Account (RMRA) Funds Spent and Status of Projects*

# of Completed Projects			# of In-Progress Projects		
Component	RMRA Funds Spent	# of Projects	Component	RMRA Funds Spent	# of Projects
Construction	\$298,484,955	698	Construction	\$155,659,906	422
Pre-Construction	\$13,383,668	216	Pre-Construction	\$40,503,618	497
Procurement/ Operations	\$35,904,036	49	Procurement/ Operations	\$3,554,007	19
Total	\$347,772,659	963	Total	\$199,717,531	938

* As of June 30, 2019

As noted in the table, the expenditure reports show that cities and counties completed construction on 698 projects in FY 2018-19 using approximately \$298.5 million in program funding, which resulted in approximately 2,745 miles paved.

For the third program cycle covering FY 2019-20, the Commission adopted the initial list of eligible cities and counties in June, and a subsequent list in August. In total, the Commission deemed 539 cities and counties eligible to receive monthly apportionments totaling approximately \$1.2 billion.

ACTIVE TRANSPORTATION PROGRAM

The Active Transportation Program is a competitive statewide 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' 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, include 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 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:

1. 50% statewide component;
2. 40% large metropolitan planning organization component; and
3. 10% small urban and rural component.

For every program cycle, the Commission adopts Active Transportation Program guidelines, including project scoring criteria and a fund estimate. In addition, the Commission oversees the Active Transportation Program 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.

The Active Transportation Program reached several notable milestones in FY 2018-19. The Commission adopted the 2019 Active Transportation Program, created the Active Transportation Program Committee, and planned the first Active Transportation Program Symposium. 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. Finally, the Commission, in conjunction with Caltrans, has continued to administer the Active Transportation Program project amendment process to increase assurance that implementing agencies deliver the promised project benefits when responding to unforeseen project delivery complications.

2019 Active Transportation Program

The 2019 Active Transportation Program includes four years of programming, FY 2019-20 through 2022-23, with \$446 million in funding capacity. The call for projects was released in May 2018; the Commission received 554 project applications by the July 2018 deadline, requesting over \$2.2 billion in Active Transportation Program funds. Volunteer evaluators, representing the northern and southern parts of the state and the various Active Transportation Program stakeholders, reviewed applications and determined consensus scores for each application.

After consulting with stakeholders throughout California, the Commission made significant changes to the application for the 2019 Active Transportation Program cycle. Applicants were able to choose one of five different applications based on project type. Preliminary feedback from applicants and evaluators indicated this change worked well and streamlined smaller project applications. The 2019 Active Transportation Program guidelines also encouraged applicants to apply for large projects that demonstrate a very substantial benefit to the community and generate a transformative change to the community's active transportation environment. The result was an increase in the average fund request per project, from \$2 million in the 2017 Active Transportation Program to over \$4 million in the 2019 Active Transportation Program. Eight percent of project applications for the 2019 Active Transportation Program requested \$10 million or more, as compared to only 1% in the 2017 Active Transportation Program.

Despite the increase in Active Transportation Program funds attributable to SB 1, the program remains very competitive, with fewer projects awarded in this cycle than past cycles, and a higher cut-off score for funding as compared to past cycles. The 2019 Active Transportation Program funds were awarded as follows:

- Statewide Component
 - » \$238 million for 51 projects valued at \$290 million
 - 98% of program funds went to projects benefitting disadvantaged communities
 - 65% of program funds went to Safe-Routes-to-School projects
 - » \$19 million in savings from lapsed funds or cancelled projects from prior cycles
- Metropolitan Planning Organization Component
 - » \$175 million for 59 projects valued at \$331 million
 - 94% of program funds went to projects benefitting disadvantaged communities
 - 55% of program funds went to Safe-Routes-to-School projects
- Small Urban and Rural Component
 - » \$44 million for 10 projects valued at \$60 million
 - 100% of program funds went to projects benefitting disadvantaged communities
 - 70% of program funds went to Safe-Routes-to-School projects

2019 Active Transportation Program-California Conservation Corps

AB 97 (Ting, Chapter 14, Statutes of 2017) authorized \$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. The California Conservation Corps (Corps) solicited and scored applications for the 2019 Active Transportation Program – California Conservation Corps with the criteria outlined in the approved guidelines. The Corps recommended 17 projects to receive \$4 million in 2019 Active Transportation Program funds for FY 2019-20, including \$2 million for 11 projects that provide benefits to disadvantaged communities, and \$2 million for 12 Local Community Conservation Corps projects. The Commission approved project and substitution lists for the Corps' 2019 Active Transportation Program at the June 2019 meeting.

Active Transportation Program Meetings

At the May 2019 Commission meeting, the Commission Chair appointed commissioners to an Active Transportation Committee. This committee will provide a forum to consider active transportation program issues and methods. In addition, on October 29 and 30, 2019, the Commission and Caltrans co-hosted the inaugural Active Transportation Symposium, held in Sacramento. The symposium allowed the state, regions, and stakeholders to share and gather information on active transportation issues and connect with each other in an alternate setting. The symposium showcased speakers on various topics, including program benefits, equity, safety, and non-infrastructure projects.

Throughout the year, the Commission also continued to work closely with Caltrans and the Active Transportation Program Technical Advisory Committee to improve the Active Transportation Program. Project sponsors regularly submit progress reports that include project outcome information such as walking and bicycling counts and project benefits. As projects programmed in the early cycles of the Active Transportation Program are completed, it has become apparent that guidance was needed to help agencies collect accurate data.

To address this need, the Active Transportation Program Technical Advisory Committee formed two subcommittees to create count guidance for project sponsors and make recommendations on ways to measure the benefits of projects. One subcommittee created the "Interim Count Methodology Guidance for the Active Transportation Program." This document went through a thorough review process with the Technical Advisory Committee, the Regional Transportation Planning Agencies, the Rural Counties Task Force, and other stakeholders. The guidance was released on August 19, 2019, and the Active Transportation Resource Center offered training on how to use the guidance. Projects requesting construction allocation at the October 2019 Commission meeting and later are now required to use the guidance to report their count data. The other subcommittee met on reporting measures that project sponsors can use to show the benefits of the project once completed. This subcommittee continues to work on benefit metrics that can be utilized by the Active Transportation Program as well as the other SB 1 competitive programs.

In addition, the Active Transportation Resource Center launched the Pedestrian and Bicycle Automated Counter Loan Program in 2019. Through this program the Active Transportation Resource Center will offer short-term temporary bicycle and pedestrian automated counters for local agencies to conduct user counts and gather user data from active transportation projects. The counters will include infrared and/or video imaging counters. The Active Transportation Resource Center will administer the program, maintain the equipment, and connect agencies with training and technical assistance on the counters.

Active Transportation Program Summary, 2014 to 2019

Since its inception, the Active Transportation Program has invested in a broad spectrum of projects that will benefit many communities in California. These include infrastructure projects that result in new or improved active transportation facilities, such as bike lanes, sidewalks and crosswalks, non-infrastructure projects such as school bike safety curriculum and crossing guard programs, and active transportation plans for bicycle, pedestrian, and Safe Routes to School projects.

Tables 3 and 4 show applications submitted, funds requested, projects programmed, and funds programmed for all program cycles of the Active Transportation Program. Additional information on the Active Transportation Program, including project lists and program guidelines, is available on the Commission's website at <https://catc.ca.gov/programs/active-transportation-program>.

Table 3
Active Transportation Programs*

	2014 Program	2015 Program	2017 Program	2019 Program
Applications	771	617	483	554
Funds requested	\$1,018,235,000	\$1,060,308,000	\$1,038,379,843	\$2,236,381,000
Projects programmed	265	206	241	118
Funds programmed	\$367,890,000	\$359,043,000	\$450,649,000	\$456,197,000

** Includes statewide, metropolitan planning organization, and small urban and rural components.*

Table 4
Active Transportation Programs – California Conservation Corps

	2018 Program	2019 Program
Applications	45	21
Funds requested	\$8,000,000	\$4,377,609
Projects programmed	37	17
Funds programmed	\$8,000,000	\$4,000,000

TRANSPORTATION ASSET MANAGEMENT PLAN

SB 486 (DeSaulnier, Chapter 917, Statutes of 2014) requires Caltrans, with Commission oversight, to develop a robust Transportation Asset Management Plan. The plan serves as a policy document to inform and guide transportation investment decision-making in the project selection process for the State Highway Operation and Protection Program (SHOPP).

SB 1 sets 10-year performance outcomes for four primary asset classes included in the Transportation Asset Management Plan; requires Caltrans to report annually to the Commission on its progress toward meeting the outcomes; and 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 Caltrans' progress toward achieving the outcomes. SB 1 also authorizes the Commission to make recommendations for improvement and to withhold future project allocations if it determines program funds are not being appropriately spent.

The Commission approved the Transportation Asset Management Plan in March 2018, two years ahead of the 2020 deadline mandated by SB 486. The approved plan is consistent with the Transportation Asset Management Plan guidelines that the Commission adopted in June 2017. The plan also is consistent with state and federal laws, Governor's Executive Orders, the California Transportation Plan, and industry best practices. The plan is posted on the Commission's website at <https://catc.ca.gov/programs/state-highway-operation-and-protection-program>.

Concurrent with its approval of the Transportation Asset Management Plan in March 2018, the Commission set annual performance benchmarks for the four primary asset classes specified in SB 1. These benchmarks serve as a starting point to measure and annually report on progress toward meeting the 10-year outcomes. At the October 9, 2019 Commission meeting, Caltrans recommended and the Commission approved criteria and annual benchmarks for meeting the SB 1 target of "fix not less than 500 bridges" by 2027. At the December 4, 2019 meeting, the Commission approved revised criteria to align with federal standards for assessing bridge health.

Under SB 1, the Commission is required to include in its Annual Report to the Legislature findings on the progress made by Caltrans toward meeting the 10-year performance outcomes. At the December 4, 2019 Commission meeting, the Commission adopted an evaluation of Caltrans' progress toward meeting the statutory performance outcomes, including SB 1 performance targets for pavement goals by 2027. However, on December 6, 2019, with the Independent Office of Audits and Investigations issuing its final audit report on SB 1 performance outcomes for pavement, the Commission first became aware of additional information which may impact its evaluation. As a result, the Commission is reviewing the audit findings and upon finishing this review, it will submit an evaluation of Caltrans' progress in achieving the SB 1 performance goals to the Legislature with an addendum to this Annual Report.



STATE HIGHWAY OPERATION AND PROTECTION PROGRAM

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.

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 sufficiently consistent with the approved Transportation Asset Management Plan. The Commission also approves all SHOPP amendments and allocates funds to Caltrans for all SHOPP support components (project approval and environmental documents, right-of-way support, plans specifications and estimates, and construction support).

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 statutory April 1, 2018, deadline.

During FY 2018-19, the Commission allocated the following:

- \$2.9 billion to 286 SHOPP projects for capital improvements;
- \$1.1 billion to 877 SHOPP project support phases;
- \$170 million for right-of-way acquisitions; and
- \$150 million for minor projects (those with construction costs of \$1.25 million or less).

In March, Commission staff held a workshop to gather feedback on revisions to the SHOPP Guidelines. The Commission approved the updated SHOPP Guidelines at the June meeting. To increase accountability on projects with the potential for higher risks, the updated guidelines require any project with right-of-way capital programmed for \$10 million or more to receive an individual project allocation. The updated guidelines also require that SHOPP projects with a total project cost of \$40 million or more execute a baseline agreement. Updated guidelines and resolutions are available on the Commission's website at <https://catc.ca.gov/programs/state-highway-operation-and-protection-program>.

The SHOPP is funded with a mix of federal and state funds, including funds generated by SB 1. As of June 30, 2019, 481 projects from the 2018 SHOPP that are eligible for SB 1 funding have been programmed for a total \$9.5 billion, which includes various fund sources. Of these 481 projects, 399 projects have received allocations totaling \$2.8 billion and 25 construction contracts have been awarded totaling \$0.7 billion. The Commission has approved 33 project baseline agreements for 2018 SHOPP projects. Table 6 shows the expected benefits for 2018 SHOPP projects receiving SB 1 funds in FY 2018-19.

Table 6
Expected Benefits of 2018 SHOPP Projects Receiving SB 1 Funds in FY 2018-19

Category	Quantity	Unit of Measure
Pavement	1,065	Lane miles
Bridges	73	Each
Culverts	216	Each
Traffic Management System Elements	560	Each
Bridge Rail	5,129	Linear feet

The SHOPP has been increasingly impacted by natural disasters. According to the National Interagency Fire Center, the 2018 wildfire season was the deadliest and most destructive wildfire season ever recorded in California. These wildfires compelled Caltrans to act swiftly to restore damaged state highway assets, including pavement, guardrails, signs, bridges, communications equipment, and traffic management systems. Nearly every part of the state was hit hard with some type of fire disaster. Restoration work on highways in most areas is approaching completion; however, follow-up recovery mitigation likely will take one to five years. Nearly \$700 million in major damage and emergency funding was expended last year to repair damages associated with snow, rainfall, and other weather events.

STATE TRANSPORTATION IMPROVEMENT PROGRAM

The State Transportation Improvement Program (STIP) is a five-year program of state highway, local road, transit, and intercity rail improvements. State law requires the Commission to update the STIP biennially, in even-numbered years, with each update adding two new years to prior programming commitments.

In FY 2018-19, the Commission allocated \$725 million for STIP projects, including projects with allocation extensions into FY 2018-19 and projects programmed in future years that were ready to begin construction and requested advanced allocations. It is estimated that FY 2019-20 STIP allocation capacity of \$390 million will be sufficient for the projects programmed in FY 2019-20 and projects with allocation extensions into FY 2019-20.

2020 STIP Fund Estimate

In May 2019, the Commission approved the 2020 STIP Fund Estimate methodology and assumptions. In August 2019, the Commission adopted the 2020 STIP Fund Estimate. The 2020 STIP Fund Estimate includes \$2.6 billion in program capacity over the five-year STIP period covering FY 2020-21 through FY 2024-25. This includes additional program capacity of \$408 million for the five-year period.

STIP capacity is made up of State Highway Account (SHA) funds, federal funds, and a very small amount of Public Transportation Account (PTA) funds. SHA funds constitute most of the additional STIP program capacity. SB 1 helps stabilize SHA funding for the STIP by resetting the incremental excise tax on gasoline at 17.3 cents starting in FY 2019-20 and providing for annual inflation adjustments thereafter. However, SHA funding for the STIP will continue to depend on gasoline consumption and may be adversely impacted by future economic downturns and the proliferation of more fuel-efficient vehicles. New STIP capacity from the PTA is negative and insufficient to fund the rail and transit commitments that were programmed in the 2018 STIP. Those projects will need to be funded from other STIP sources or deprogrammed in the 2020 STIP.

Table 7 shows the estimated STIP target capacity for each year of the six-year period that includes FY 2019-20.

Table 7
STIP Capacity by Fiscal Year
(Dollars in Millions)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Roads (State Highway Account, Federal)	\$640	\$695	\$695	\$670	\$245	\$245	\$3,188
Transit (Public Transportation Account)	\$15	\$15	\$10	\$0	\$0	\$0	\$40
Total	\$655	\$710	\$705	\$670	\$245	\$245	\$3,228

2020 STIP Guidelines

In early 2019, Commission staff began holding workshops to develop the 2020 STIP guidelines. Commission staff presented draft guidelines to the Commission at the June meeting and held a hearing in July 2019. The Commission adopted the final guidelines at its August 2019 meeting. The 2020 STIP guidelines continue to emphasize coordination and consistency with adopted regional transportation plans, the Interregional Transportation Strategic Plan, and investment strategies and decisions consistent with state and federal laws. The guidelines also include criteria to evaluate and communicate the regional and statewide benefits of projects programmed in the adopted STIP.

2019 Report on 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.

On August 1, 2019, the Commission released its 22nd Annual Report of STIP Balances, County and Interregional Shares. The report included the 2018 STIP adopted in March 2018, including allocations and other actions approved through June 2019. The balances in the report are based on the capacity identified through FY 2022-23 in the 2018 STIP Fund Estimate, adopted in August 2017.

The 2019 STIP Balances, County and Interregional Shares Report is available on the Commission's website at: <https://catc.ca.gov/-/media/ctc-media/documents/programs/stip/2019-orange-book-final-a11y.pdf>.

STIP Project Delivery

The Commission tracks project allocations as scheduled in the STIP. For Caltrans projects, the Commission allocates project funding on a per-project basis only for construction capital, construction support, and right-of-way capital of \$10 million or more. 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.

ENHANCED COORDINATION AND COMMUNICATION

Throughout the year, the Commission continued to coordinate with federal, state, regional, and local partners in addition to engaging community members and stakeholders statewide. The Commission conducted statewide outreach through a variety of forums, from rural town hall meetings to meetings with government partners to workshops with stakeholders and community-based organizations. These meetings and events are important for understanding the diverse transportation issues across our large state.

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 about 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 Chico that addressed transportation issues in the 16 counties forming the North State Super Region. The discussion focused on transportation planning in the region and the impacts of recent natural disasters, including the Camp Fire and the Oroville Dam crisis. Another town hall meeting was held in Del Norte County, adjacent to the Oregon border. The discussion focused on several transportation issues in the county, including the instability on a 3-mile stretch of U.S. 101 known as the Last Chance Grade.

Joint Meetings with the California Air Resources Board

Pursuant to AB 179 (Cervantes, Chapter 737, Statutes of 2017), the Commission held two joint meetings with the California Air Resources Board (CARB) to coordinate implementation of transportation programs and policies. In April 2019, the Commission and CARB met to discuss innovative mobility, including a presentation on automated vehicle principles for healthy and sustainable communities. In October 2019, the two agencies met to discuss the linkage of housing and transportation policies as well as sustainable transportation planning and project implementation in the San Joaquin Valley.

Additionally, in May 2019, the Commission and CARB held a joint public workshop on Potential Impacts of Federal Vehicle Standards Rollback. At the workshop, speakers from state, regional, and local agencies discussed the significant detrimental effects on mobility, safety, the environment, public health, and the economy posed by the Safer Affordable Fuel-Efficient Vehicles Rule issued by the National Highway Traffic Safety Administration and the U.S. Environmental Protection Agency. In June 2019, the Commission and CARB each sent separate letters to these federal agencies opposing finalization of the rule.

Tri-State Meetings with Oregon and Washington

Since 2010, the Commission has held joint meetings at least every other year with the Oregon and Washington Transportation Commissions. These meetings enable information sharing and discussion of transportation issues of common interest. In September 2019, the three states held a meeting in Stevenson, Washington, to discuss rural transportation and road charge issues. At this meeting, the three commissions approved a joint letter to each state's Congressional delegation calling for increased federal funding for transportation and federal support for exploration of a road charge program.

Transportation and Housing

To coordinate statewide policy for transportation and housing, the California State Transportation Agency and the California Business, Consumer Services, and Housing Agency host interagency 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 these gatherings, and Commission staff regularly participate in the Housing and Transportation Coordination Workgroup meetings.

This year, Commission staff also focused on where housing considerations might be better incorporated into project applications and evaluations for programs under the Commission's purview. Upon consultation with housing and transportation experts, Commission staff determined that the Solutions for Congested Corridors Program is most suitable to pilot the inclusion of housing-specific evaluation criteria. To that end, Commission staff coordinated with the Department of Housing and Community Development to develop guidance for the efficient land use co-benefit. Commission staff included the Land Use Efficiency Checklist as an appendix in the draft Solutions for Congested Corridors Program guidelines presented at the December 2019 Commission meeting. If adopted by the Commission, these criteria will be used starting with the 2020 Solutions for Congested Corridors Program cycle to assess how well a proposed project supports mixed-use development with multimodal choices and infill development.

Pursuant to AB 185 (Grayson, Chapter 534, Statutes of 2019), the Department of Housing and Community Development will be required to participate in joint meetings of the Commission and CARB starting in 2020. This legislation implements a recommendation the Commission made in its 2018 Annual Report to broaden the meetings to include housing, with the goal of coordinating implementation of policies that jointly affect transportation, housing, and air quality.

Transportation and Health

In 2019, the Commission continued to advance the state's goals in creating healthier communities by funding active transportation improvements and supporting access to health care services through improved interagency coordination. Specifically, the Commission continued to partner with the California Department of Public Health and the Health and Human Services Agency to advance the state's Health in All Policies Initiative, which was established through Executive Order S-04-10 in 2010 to incorporate health, equity, and sustainability considerations into decision-making across policy areas and state agencies. The Commission supplied data on active transportation, shared best practices from the Active Transportation

Program's Technical Advisory Committee, and offered advice for development of a Healthy Transportation Action Plan. Additionally, in 2019, the Commission formed an interagency workgroup with Caltrans and the California Department of Developmental Services to identify ways to improve transportation services for individuals with developmental disabilities.

California Freight Advisory Committee

The Commission is 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 California State Transportation Agency on freight-related priorities, issues, projects, and funding needs; hosting 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 development of the California Freight Mobility Plan. As a member of the Committee, the Commission contributed information for consideration in development of the next update to the California Freight Mobility Plan, which is due December 2019. Caltrans expects to release a draft California Freight Mobility Plan in December 2019 and the final plan in March 2020.

Transportation Permitting Task Force

AB 1282 (Mullin, Chapter 643, Statutes of 2017) requires establishment of a Transportation Permitting Task Force to develop a coordinated process for early engagement of all agencies in development of transportation projects to reduce the permit process time, establish reasonable deadlines for permit approvals, and clarify permit approval requirements. The Commission has been an active member of the Task Force since its inception in April 2018. Throughout the year, the Task Force continued to make progress toward meeting the goals identified in its 2019 Work Plan, including completing the 2018 Interim Report, coordinating three subgroups on pilot projects, initiating interagency agreements for staff liaisons, examining project development and permitting processes, and providing updates on advance mitigation options.

Program Workshops

The Commission held a variety of program workshops throughout the year, primarily to discuss updating program guidelines. Workshop attendees included representatives of state and federal agencies, tribal governments, regional and local agencies, as well as individuals representing environmental, social equity, land-use, business, and public health interests, 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 workshop agendas, minutes, and follow-up meetings available to the public on its website to ensure that people who were unable to attend could still participate in policy discussions. To ensure that workshops are accessible to people who do not work in the transportation industry, the Commission continued to invite various community members to participate. The Commission values input from all perspectives and is committed to ensuring that a diversity of thought and opinion is considered through a transparent public process.

Project Delivery Workshops

The Commission facilitates project delivery workshops to aid the timely and cost-effective delivery of future projects and to expand understanding of Caltrans' internal program and project delivery processes. The workshops enable the Commission and the public to learn about Caltrans' program and project management controls, capital estimating, risk management, bidding environment, resource agency influence on program delivery, and outreach to the contracting industry on efforts to expand their workforce to meet the demand created by Senate Bill 1 projects. This year, the Commission held a project delivery workshop in January 2019 and a workshop in September 2019 that focused on transit project delivery. Information and comments obtained from these workshops will be used to inform the development of future educational sessions.

Community Engagement

Since December 2018, Commission staff have partnered with local and regional transportation agencies to convene community-based listening sessions. At these forums, Commission staff and local and regional partners engage with a broad spectrum of stakeholder groups on issues, needs, concerns, and opportunity areas for improving the transportation system in their communities. The forums have included discussions on future resource-sharing, technical assistance, and collaboration. The forums have also offered an opportunity for Commission staff to educate local stakeholder groups on the transportation programs within the Commission's purview, as well as on transportation planning, funding, and the roles of various agencies in the delivery of projects.

Transportation Policy Forum

The Commission hosted a Transportation Policy Forum on July 29, 2019, that addressed two timely transportation topics: proactive approaches to increase transit ridership, and transportation infrastructure resiliency in the face of climate change. Forum attendance included state, federal, regional, and local partners, including representatives from the business community, environmental groups, other transportation stakeholders, legislative staff, and the public. Panel members at the forum discussed a number of possible policy recommendations for Commission consideration to help frame its 2019 legislative recommendations.

Active Transportation Symposium

On October 29 and 30, 2019, the Commission and Caltrans co-hosted the inaugural Active Transportation Symposium, held in Sacramento. The symposium provided a forum for the state, regions, and stakeholders to share and gather information on active transportation issues and connect with each other in an alternate setting. It showcased speakers with expertise on various topics, including program benefits, equity, safety, and non-infrastructure projects.

ADDRESSING CLIMATE CHANGE

California is an internationally recognized leader in mitigating greenhouse gas emissions and addressing climate change. This leadership is evident in the Legislature's passage of landmark legislation such as AB 32 (Núñez, 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), which expanded on the California Global Warming Solutions Act of 2006. Following these statutory requirements and Governor's Executive Orders, government agencies have been taking action both to reduce greenhouse gas emissions and to ensure the state is prepared for a changing climate.

The Commission addresses greenhouse gas emissions reductions in its programming and allocation decisions consistent with statutory direction from the Legislature. For California's urban Metropolitan Planning Organizations (MPO), a transportation project must be included in an adopted Regional Transportation Plan that includes a sustainable communities strategy accepted by the California Air Resources Board (CARB) in order for the Commission to allocate funding for a specific transportation project. In rural non-MPO regions, the project must also be included in their Regional Transportation Plan. Additionally, where applicable, the Commission's guidelines include project evaluation criteria related to reducing greenhouse gas emissions.

The Commission also is committed to ensuring a resilient transportation system in the face of climate change. All planning guidelines adopted by the Commission – the Regional Transportation Plan Guidelines, California Transportation Plan Guidelines, and Comprehensive Multimodal Corridor Planning Guidelines – include climate change considerations, resources, and strategies. Notably, the 2017 update to the Regional Transportation Plan Guidelines added a detailed section on "Adaptation of the Regional Transportation System to Climate Change."

In 2019, the Commission held several events and meetings where issues related to climate change were discussed. Pursuant to AB 179 (Cervantes, Chapter 737, Statutes of 2017), the Commission held joint meetings in April and October with CARB to coordinate on the implementation of transportation policies. The Commission also held informal meetings with CARB, the California Energy Commission, and the California Public Utilities Commission to discuss energy, transportation, and climate policy areas of mutual concern. In addition, the Commission held a Transportation Policy Forum in Sacramento in July, with one panel discussing policies to ensure transportation infrastructure resiliency and another panel discussing policies to increase transit ridership.



ROAD CHARGE TECHNICAL ADVISORY COMMITTEE

Senate Bill (SB) 1077 (DeSaulnier, Chapter 835, Statutes of 2014) tasked the Chair of the Commission, in consultation with the California State Transportation Agency (Transportation Agency) to convene a 15-member Road Usage Charge Technical Advisory Committee (TAC) to study road usage charge alternatives to the gas tax, make recommendations to the Secretary of the Transportation Agency on the design of a pilot program, and recommend criteria to be used to evaluate the pilot program. The role of the TAC was reaffirmed with the passage of SB 1328 (Beall, 2018) which extended the TAC through January 1, 2023, and directed it to continue to assess the potential for alternative funding mechanisms, including but not limited to a mileage-based revenue collection system.

The Chair of the Commission established the TAC in 2015. It includes membership that represents the following technical and public interest areas:

- Telecommunications
- Highway user groups
- Data security and privacy
- Privacy rights
- Social equity
- Regional transportation agencies
- National research and policymaking bodies (including members of the Legislature), and
- Other relevant stakeholders.

In December 2015, the TAC adopted its Road Charge Pilot Design and Evaluation Criteria Recommendations. Caltrans designed the pilot program consistent with the TAC's recommendations, and the pilot ran from July 2016 through March 2017. By the end of the pilot program, more than 5,000 vehicles were enrolled, and 37 million miles were successfully reported. Following completion of the pilot program, the Transportation Agency released a final report in December 2017. This final report contained an overview of the pilot program and identified five next steps: (1) evaluate a pay-at-the-pump mileage reporting method, (2) test the collection of actual revenues, (3) investigate options for standardizing in-vehicle telematics, (4) establish a technology collaborative with representatives from both the public and private sectors, and (5) identify the organizational design of the road charge program and implementing departments and agencies. The full 2017 Road Charge Pilot Program Final Report is available at <https://dot.ca.gov/programs/road-charge/final-report>.

The TAC continues to consider alternative funding mechanisms through education and outreach and through additional research in system development, revenue collection methods, data standardization, data security, telematics, and disadvantaged communities impacts. It also

considers other states' progress in evaluating a road charge. Although the passage of SB 1 in 2017 provided a much-needed infusion of funding for transportation, a more sustainable source of transportation funding must be identified for the long term because fuel tax revenues are projected to decrease due to increases in vehicle fuel efficiency and alternative fuel vehicles.

At the April 2019 TAC meeting, the Committee adopted the following 2019-20 Guiding Objective and Action Plan:

- **TAC Guiding Objective:** California serves as a national leader on road charge policies and effectively implements and administers a phased-in road charge program that provides long-term sustainable, reliable, and sufficient funding to meet California's transportation system needs.
- **TAC Action Plan:** In consultation and collaboration with the California State Transportation Agency, the TAC will focus its efforts on the following actions during FY 2019-20:
 - 1. Educate key stakeholders and opinion leaders on the need for a road charge program.**
 - a. Increase legislative, administrative, stakeholder, and public understanding of transportation funding and the need for a phased-in road charge program.
 - b. Ensure that California is engaged with and informing other states and the federal government on road charge issues.
 - 2. Research to prepare California for implementation of a road charge program.**
 - a. Explore and develop a framework for administration of a road charge program within state government.
 - b. Further evaluate the potential impacts to disadvantaged communities resulting from a transition to a road charge program.
 - c. Further evaluate the privacy and data security concerns of a road charge program.
 - d. Identify the scope and actions necessary to implement a per-mile road charge demonstration program for state government and an eventual road charge requirement for all electric vehicles.
 - e. Assess the feasibility for requiring all new vehicles registered for personal or commercial use in California to be equipped with telematics capable of transmitting the vehicle information necessary to institute a road charge.
 - 3. Advise the Commission on road charge issues for purposes of ultimately advising the Legislature and Administration through the Commission's annual reports.**
 - 4. Follow-up with the California State Transportation Agency regarding the status of the road charge-related recommendations identified in the Commission's 2018 Annual Report.**

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 from the sale of \$950 million in bonds for this program. Of the \$950 million, \$19 million was set aside for bond administrative costs, leaving \$931 million available for programming. Since the program's inception, the Commission has programmed \$917.8 million and allocated \$846.6 million, and approximately \$716.2 million has been spent. The remaining \$13.2 million in unprogrammed funds includes \$9.3 million for the San Joaquin Regional Rail Commission and \$4 million for the Sacramento Regional Transit District. Funds are dedicated to these agencies through a formula, and the agencies are still determining how to program the funds.

During FY 2018-19, the Commission did not receive requests for and did not take any actions for this program.



THE HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY ACT OF 2006 (PROPOSITION 1B)

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;
- Traffic Light Synchronization Program;
- Highway-Railroad Crossing Safety Account;
- Public Transportation Modernization, Improvement, and Service Enhancement Account;
- Local Bridge Seismic Retrofit Account;
- State-Local Partnership Program;
- Augmentation of the State Transportation Improvement Program (STIP); and
- Augmentation of 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. As of the end of FY 2018-19, the Commission had allocated \$11.7 billion of the \$12 billion in bond funds programmed under its purview. Most Proposition 1B projects have either been constructed or are 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 identified benefits have been achieved. The Commission will continue to 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 are available on the Commission's website at <https://catc.ca.gov/programs/proposition-1b-highway-safety-traffic-reduction-air-quality-and-port-security-bond-act-2006/prop1b-reports>.

Corridor Mobility Improvement Account

Proposition 1B authorized \$4.5 billion for the Corridor Mobility Improvement Account. Funds in this 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 2018-19, the Commission has allocated nearly \$4.5 billion to 129 projects. The remaining \$23 million is reserved for bond program administration costs. Including other fund sources, the 129 projects are valued at nearly \$12.4 billion.

Of the 129 allocated projects, 118 projects with allocations totaling approximately \$3.3 billion are complete, and 11 projects with allocations totaling \$1.2 billion are under construction. In FY 2018-19, one project totaling nearly \$39 million was completed.

State Route 99 Corridor Account

The State Route 99 corridor crosses approximately 400 miles of the state's Central Valley. Proposition 1B authorized \$1 billion for the State Route 99 Corridor Account. Funds in this account may be used for safety, operational enhancement, rehabilitation, or capacity improvement projects on the corridor.

As of the end of FY 2018-19, the Commission has allocated nearly \$970.6 million to 26 projects with 30 individual project segments. Including other fund sources, these projects are valued at nearly \$1.5 billion. Of the 30 project segments, 27 project segments with allocations totaling about \$941.6 million are complete and three project segments with allocations totaling \$29 million are under construction. The remaining \$29.4 million includes \$6 million reserved for bond administration and approximately \$23.4 million in project construction savings.

During FY 2018-19, the Commission allocated \$24 million for two projects and approved adjustments to 11 projects with a net overall savings of \$15 million.

Trade Corridors Improvement Fund

Proposition 1B authorized \$2 billion for the Trade Corridors Improvement Fund (TCIF). 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. Funds may be used for 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.

After the passage of Proposition 1B, the Commission proposed to increase TCIF funding by moving \$500 million from the State Highway Account (via the SHOPP Program) to fund state-

level priorities critical to goods movement. Assembly Bill 268 (Committee on Budget, Chapter 756, Statutes of 2008) codified the fund increase. Pursuant to this legislation, the final target available for TCIF programming was set at \$2.45 billion, with \$50 million set aside for program administration.

As of the end of FY 2018-19, the Commission has programmed over \$2.4 billion in TCIF funding to 105 projects with 132 individual project segments. Including other fund sources, these projects are valued at \$10.3 billion. The Commission has allocated over \$2.4 billion to 130 project segments, of which 95 project segments with allocations totaling \$1.4 billion are complete, and 35 project segments with allocations totaling about \$1 billion are under construction.

A total of 29 projects with a combined value of nearly \$219 million were completed in FY 2018-19. To maximize the use of project savings, the Commission adopted a TCIF Close-Out Policy at its May 2019 meeting to extend the deadline for new programming and allocations to June 2020. The policy also allows available savings to be used for cost increases on 2018 Trade Corridor Enhancement Program projects that meet specified requirements. In June 2019, the Legislature passed Senate Bill 87 (Committee on Budget and Fiscal Review, Chapter 32, Statutes of 2019), which appropriates up to \$7.2 million from unprogrammed TCIF savings as of May 1, 2020, for a new program to fund short-line railroad projects. TCIF savings remaining after June 2020 will be redirected by the Commission to the Trade Corridor Enhancement Program.

Traffic Light Synchronization Program

Proposition 1B authorized \$250 million 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 the capacity of local streets and roads. Senate Bill (SB) 88 (Committee on Budget, Chapter 181, Statutes of 2007) dedicated \$150 million of the \$250 million to the City of Los Angeles for upgrading and installing traffic signal synchronization within its jurisdiction.

As of the end of FY 2018-19, the Commission has 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. The Commission has allocated \$227.1 million to the 81 projects. The remaining \$22.9 million consists of \$5 million reserved for bond administration and \$17.9 million of project savings available for new programming. Of the 81 allocated projects, 80 projects with allocations totaling \$208 million have been completed, and one project with an allocation of \$19 million is under construction. In FY 2018-19, three projects totaling \$12.3 million were completed.

Highway-Railroad Crossing Safety Account

Proposition 1B authorized \$250 million for the Highway-Railroad Crossing Safety Account program to fund the completion of high-priority grade separation and railroad crossing safety improvements. Government Code Section 8879.23 (j) splits the program funding into two parts: (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, and (2) \$100 million for high-priority railroad crossing improvements that are not part of the Public Utilities Commission priority list process.

The Highway-Railroad Crossing Safety Account program has undergone five programming cycles: 2008, 2010, 2012, 2014, and 2016. As of the end of FY 2018-19, the Commission has allocated \$242 million to 38 projects. Including other fund sources, these projects are valued at nearly \$1.3 billion. Among the 38 projects, 36 projects with allocations totaling \$221 million are complete (including one completed in FY 2018-19), and two projects with allocations totaling \$21 million are under construction. Of the remaining funds available from the \$250 million authorized, \$2.8 million consists of project savings available for new programming and \$5 million was reserved for bond administration.

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 intercity rail projects; commuter or urban rail operators; bus operators; waterborne transit operators; and other transit operators 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, \$3.6 billion is available for the State Controller to allocate by formula in accordance with Public Utilities Code Sections 99313 and 99314, with 50% for local transit operators and 50% for regional entities. The remaining \$400 million is available for programming and allocation by the Commission for intercity rail capital improvements. Of this amount, \$8 million is set aside for bond costs, leaving \$392 million for the Commission to program and allocate.

As of the end of FY 2018-19, the Commission has programmed a total of \$390.4 million to 30 intercity rail projects and allocated \$341 million to 27 projects. Funding for three projects totaling \$49.7 million remains unallocated because requests from Caltrans have not been received. Of the 27 projects allocated, 17 projects with allocations totaling \$155 million have been completed, and 10 projects with allocations of more than \$185 million are under construction. During 2018-19, the Commission reprogrammed and reallocated nearly \$5 million from projects completed with savings.

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 Federal Highway Bridge Program funds available to the state for seismic retrofit work on local bridges, ramps, and overpasses, as identified by Caltrans. From the \$125 million authorized, \$2.5 million is reserved for bond administration.

The Local Bridge Seismic Retrofit Program was established following the 1989 Loma Prieta earthquake to retrofit seismically deficient city- and county-owned bridges. Caltrans initially identified 1,235 local bridges in need of seismic retrofit. Shortly after the passage of Proposition 1B, Caltrans reported that 479 local bridges remained in need of seismic retrofit and would be eligible to receive Local Bridge Seismic Retrofit Account funds for the required match to Federal Highway Bridge Program funds. Caltrans subsequently 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 consists of 375 bridges.

As of June 30, 2019, \$89 million has been allocated to the 375 bridges that remain programmed. Of the 375 bridges, 315 bridges allocated \$49 million in bond funds have been completed, and 60 bridges allocated \$40 million in bond funds have not been completed. Of the 60 incomplete bridges, 16 bridges are in construction and 44 bridges have yet to move into construction.

At the August 2019 Commission meeting, the Commission adopted changes to program guidelines to promote completion of remaining projects. For example, project delivery agreements will be required for projects that have not advanced to the construction phase by December 31, 2019.

State-Local Partnership Program Account

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

Through the end of the five-year period ending June 30, 2013, the Commission allocated \$981 million to 279 projects, with \$19 million set aside for administration. The Commission's role is now directed to project delivery and accountability.

As of the end of FY 2018-19, 248 projects have completed construction and 236 of those have approved Final Delivery Reports.

State Transportation Improvement Program Augmentation

Proposition 1B authorized \$2 billion to augment the State Transportation Improvement Program (STIP). For this augmentation, the Commission convened a special STIP development cycle for the 2006 STIP in advance of 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 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 regions to program new STIP projects with the added capacity created by the bond funds. Proposition 1B STIP projects are tracked as part of the normal STIP process.

As of the end of 2018-19, the Commission has allocated \$1.963 billion to 90 STIP projects. Of the 90 allocated projects, 88 projects totaling \$1.824 billion have been completed and two projects totaling \$139 million are in construction. With \$17 million set aside for administration, project close-out and support savings, an estimated \$20 million of the total \$2 billion in STIP funds that Proposition 1B authorized remains available for STIP allocations.

State Highway Operation and Protection Program Augmentation

Proposition 1B authorized \$500 million to augment the State Highway Operation and Protection Program (SHOPP). The SHOPP funds projects to rehabilitate and improve the operation of state highways. Proposition 1B SHOPP projects are tracked as part of the normal SHOPP process.

As of the end of FY 2018-19, the Commission has allocated \$486 million to 35 Proposition 1B SHOPP projects. Of the 35 allocated projects, 34 projects totaling nearly \$436 million have been completed, and one project totaling \$50 million is under construction. Project close-out and support savings, along with cost savings from the set aside for administration, leave an estimated \$11 million available for new SHOPP projects.

Accountability

Senate Bill (SB) 88 (Committee on Budget and Fiscal Review, Chapter 181, Statutes of 2017) designates the Commission as the administrative agency for all 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, schedule, and outcomes.

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. Table 8 summarizes information provided in the June 30, 2019 semiannual report:

Table 8
Status of Proposition 1B Projects (Dollars in Millions)

Program	Authorized	Allocated		Completed		Not Completed	
	Funds	Projects	Funds	Projects	Funds	Projects	Funds
CMIA	\$4,500	129	\$4,477	118	\$3,258	11	\$1,219
Route 99	\$1,000	30	\$971	27	\$942	3	\$29
TCIF	\$2,450	130	\$2,432	95	\$1,422	35	\$1,010
TLSP	\$250	81	\$227	80	\$208	1	\$19
HRCSA	\$250	38	\$242	36	\$221	2	\$21
PTMISEA	\$400	27	\$341	17	\$155	10	\$185
LBSRA	\$125	375	\$89	315	\$49	60	\$40
SLPP	\$1,000	257	\$963	248	\$819	9	\$143
STIP	\$2,000	90	\$1,963	88	\$1,824	2	\$139
SHOPP	\$500	35	\$486	34	\$436	1	\$50
Totals	\$12,475	1,192	\$12,189	1,058	\$9,335	134	\$2,854

Notes: Numbers may not add due to rounding. Includes \$450 million for TCIF from the State Highway Account, pursuant to AB 268. Excluding these funds, the total authorized is \$12.025 billion and the total allocated is \$11.739 billion.

CMIA: Corridor Mobility Improvement Account

Route 99: State Route 99 Corridor Account

TCIF: Trade Corridors Improvement Fund

TLSP: Traffic Light Synchronization Program

HRCSA: Highway-Railroad Crossing Safety Account

PTMISEA: Public Transportation Modernization, Improvement, and Service Enhancement Account

LBSRA: Local Bridge Seismic Retrofit Account

SLPP: State-Local Partnership Program

STIP: State Transportation Improvement Program

SHOPP: State Highway Operation and Protection Program

In addition, 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 at <https://bondaccountability.dot.ca.gov/>.

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; and achieved the intended outcomes. 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)

The 2020 STIP Fund Estimate assumes the annual operating subsidies for the intercity rail services for FY 2019-20 through FY 2024-25 will remain flat at \$130.8 million per year.

Overall, ridership for the three intercity routes decreased 3.2%, from 5.81 million riders in FY 2017-18 to 5.62 million in FY 2018-19. The on-time performance, a measure of the train's reliability in maintaining its schedule, decreased by 1.6% from 81.0% in FY 2017-18 to 79.4% in FY 2018-19. Total annual revenues decreased by 1.1% from \$159.4 million in FY 2017-18 to \$157.6 million in FY 2018-19.



TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

Senate Bill (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. SB 862 also dedicated 10% of the annual proceeds of the Greenhouse Gas Reduction Fund for the program. SB 9 (Beall, Chapter 710, Statutes of 2015) made modifications to require the program fund capital improvements that are transformative and to eliminate operating expenses as an eligible use of funds. SB 1 (Beall, Chapter 5, Statutes of 2017) provides additional funding of approximately \$270 million annually for the program from new revenues deposited into the Public Transportation Account.

In April 2018, the California State Transportation Agency announced the awarding of \$2.65 billion to 28 recipients for the third cycle of the program. Seven projects have multi-year funding agreements, bringing the total amount awarded to more than \$4.3 billion. Certain projects awarded under this program also received funding from the Solutions for Congested Corridors Program, Trade Corridor Enhancement Program, and Local Partnership Program.

The 2018 Transit and Intercity Rail Capital Program was presented to the Commission at its May 2018 meeting. During FY 2018-19, the Commission allocated approximately \$400 million to 52 projects. Of that amount, \$35.7 million was for four projects programmed in the second cycle, and \$364.4 million was for 48 projects programmed in the third cycle. Almost \$4 billion has not been requested for allocation and, therefore, remains unallocated from the second and third cycles.



LOCAL ASSISTANCE PROGRAM

The Commission is responsible for allocating certain state and federal transportation funds to local agencies. The Commission allocates these funds to Caltrans as a lump sum to then sub-allocate to local agencies. Caltrans is required to update the Commission quarterly about the status of state and federal local assistance allocations.

The two largest federal transportation programs for local agencies are the Regional Surface Transportation Block Grant Program (RSTBG) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ). The RSTBG provides flexible funding for projects that preserve and improve the conditions and performance of any federal-aid highway. CMAQ funds transportation projects designed to reduce traffic congestion and improve air quality, particularly in regions that do not attain national air quality standards. Eligible projects include transit improvements, travel demand management strategies, traffic flow improvements, and conversion of vehicle fleets to run on cleaner fuels. CMAQ funds also may be used on all public roads for safety, bridge, tunnel, and pedestrian projects, and for transit capital improvement projects.

In Federal Fiscal Years 2017-18 and 2018-19, the Commission allocated \$1.7 billion and \$1.9 billion, respectively, in federal and state local assistance to Caltrans. Through the end of each federal fiscal year, Caltrans had allocated 100% of the federal funds.

Table 9 includes detail on the federal and state allocations made in Federal Fiscal Years 2017-18 and 2018-19.

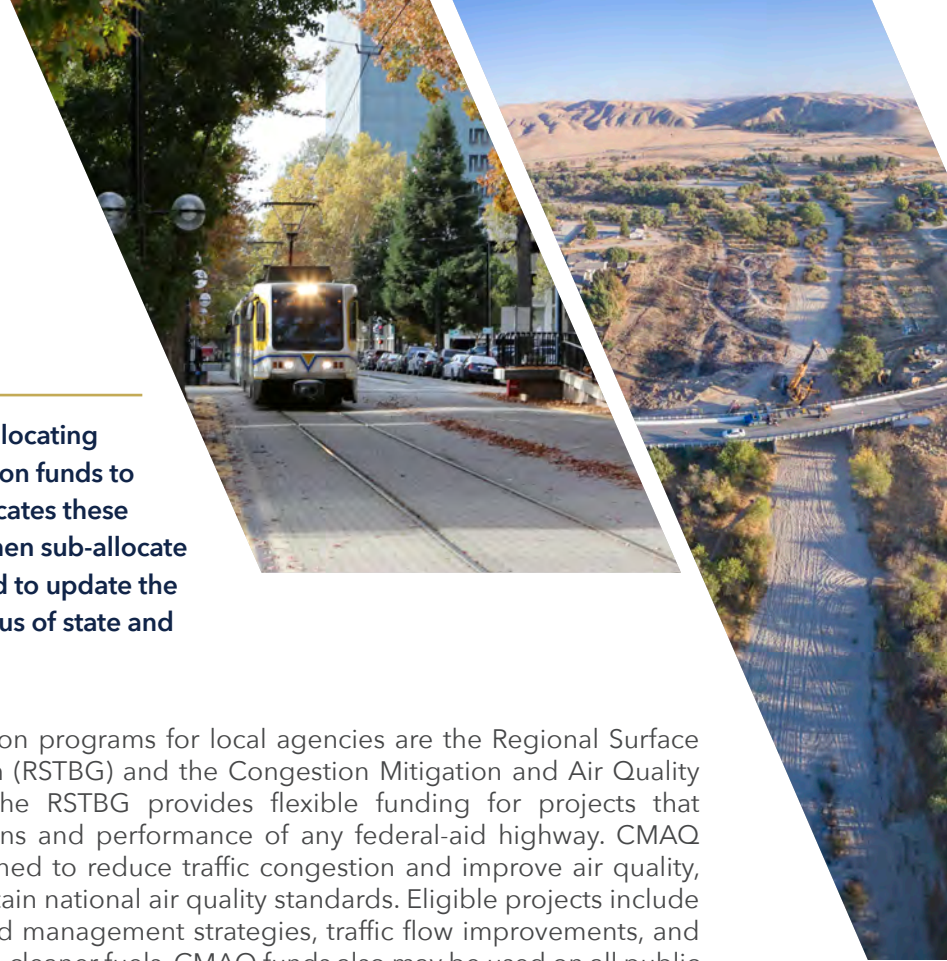


Table 9
Federal and State Lump Sum Allocations

Federal Lump Sum Programs 2660-102-0890(1)	2017-18			2018-19		
	Allocated ³	Encumbrances/ Expenditures ⁴	Difference	Allocated ³	Encumbrances/ Expenditures ⁴	Difference
National Highway Performance Program (Bridge) and Off-System Bridge	\$236,990	\$308,082	(\$71,092)	\$322,710	\$224,392	\$98,318
Surface Transportation Block Grant Program	\$523,860	\$348,973	\$174,887	\$561,733	\$145,651	\$416,082
Congestion Mitigation and Air Quality Improvement Program	\$471,891	\$227,914	\$243,977	\$531,656	\$190,663	\$340,993
Highway Safety Improvement Program	\$76,859	\$73,184	\$3,675	\$75,303	\$63,122	\$12,181
Discretionary Programs ¹	\$196,400	\$119,647	\$76,753	\$164,940	\$131,096	\$33,844
Highway Infrastructure Program	-	-	-	\$98,035	\$5,322	\$92,713
Federal Lump Sum Total	\$1,506,000	\$1,077,800	\$428,200	\$1,754,377	\$760,246	\$994,131
State Lump Sum Programs 2660-102-0042(1)	2017-18			2018-19		
	Allocated ³	Encumbrances/ Expenditures ⁴	Difference	Allocated ³	Encumbrances/ Expenditures ⁴	Difference
Surface Transportation Program State Match and Exchange	\$57,849	\$57,511	\$338	\$57,849	\$57,667	\$182
Bridge Inspection	\$735	\$65	\$670	\$735	\$91	\$644
Railroad Grade Separations	\$15,000	\$9,959	\$5,041	\$15,000	\$0	\$15,000
Railroad Grade Crossing Maintenance	\$3,765	\$3,646	\$119	\$3,765	\$3,678	\$87
Miscellaneous Unassigned Local Programs ²	\$3,250	\$991	\$2,259	\$3,250	\$500	\$2,750
Freeway Service Patrol	\$25,479	\$25,337	\$142	\$25,479	\$25,479	\$0
Freeway Service Patrol from SB 1	\$25,000	\$25,000	\$0	\$25,000	\$25,000	\$0
Systemic Safety Analysis Report Program	\$0	\$0	\$0	\$10,000	\$0	\$10,000
State Lump Sum Total	\$131,078	\$122,509	\$8,569	\$141,078	\$112,415	\$28,663

Federal Lump Sum Programs 2660-102-0890(1)	2017-18			2018-19		
	Allocated ³	Encumbrances/ Expenditures ⁴	Difference	Allocated ³	Encumbrances/ Expenditures ⁴	Difference
Non-Budget Act Item 2660-602-08905	2017-18			2018-19		
	Allocated ³	Encumbrances/ Expenditures ⁴	Difference	Allocated ³	Encumbrances/ Expenditures ⁴	Difference
August Redistribution	\$100,497	\$0	\$100,497	\$0	\$0	\$0
Non-Budget Act Total	\$100,497	\$0	\$100,497	\$0	\$0	\$0
Grand Totals	\$1,737,575	\$1,200,309	\$537,266	\$1,895,455	\$872,661	\$1,022,794

Notes:

Numbers may not add due to rounding.

Encumbrances and expenditures for Federal Lump Sum Programs include transfers to the Federal Transit Administration. 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. Projects under these programs have their own Federal Obligation Authority and do not use the Federal Formula Obligation Authority.

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).

⁵ The Department of Finance included the August Redistribution Obligation Authority into Non-Budget Act Item 2660-602-0890.

TRAFFIC CONGESTION RELIEF PROGRAM

Assembly Bill (AB) 2928 (Torlakson, Chapter 91, Statutes of 2000) and Senate Bill (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 closed out the program, consistent with a Commission legislative recommendation. 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 close-out policy to provide a final opportunity at the June 2017 Commission meeting to allocate funds to projects with approved applications. No new applications were received, and projects are no longer eligible for allocations.

Prior to the end of the program, the Commission programmed nearly \$4.6 billion of the \$4.9 billion available, and the remaining funds were redistributed to other programs. For the funds that were programmed, approximately \$4.6 billion has been allocated, and \$4.3 billion has been spent.

Caltrans continues to assist the Commission in reporting on program activity through the annual reporting process.



SEISMIC SAFETY RETROFIT PROGRAM

California has more than 13,000 bridges on its state highway system and an additional 12,100 bridges on its local streets and roads network. Following the 1989 Loma Prieta earthquake, emergency legislation AB 38X (Sher, Chapter 17X, Statutes of 1989) and SB 36X (Kopp, 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 agency, and a local streets and roads component for which local agencies or state agencies other than Caltrans serve as project delivery agencies.

State Highway System Component

The State Highway System Component is subdivided into three seismic retrofit sub-programs that total \$12.14 billion. The subprograms are as follows:

1. **Seismic Safety Retrofit Program, Phase 1.** Phase 1 projects were responsible for the successful seismic retrofit of 1,039 vulnerable bridges at a cost of \$1.1 billion.
2. **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 to phase 2. An additional \$544 million in State Highway Operation and Protection Program (SHOPP) funds were made available to certain Phase 2 bridges for which replacement, as opposed to bridge retrofit, was the preferred strategy. This brought the total amount for the Phase 2 bridges to \$1.89 billion. As of the end of FY 2018-19, all but one of the 1,151 Phase 2 bridges are seismically retrofitted.

The last bridge, the Schuyler Heim Bridge in Los Angeles, remains under construction and has experienced 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. The expected completion has been delayed to June 2020.

3. **Toll Bridge Seismic Retrofit Program.** This program was initiated after the 1989 Loma Prieta earthquake to seismically retrofit seven toll bridges. AB 144 (Hancock, Chapter 71, Statutes of 2005) provided funding to complete the retrofit or replacement of seven toll bridges and established the Toll Bridge Program Oversight Committee (TBPOC), consisting of the Executive Director of the Bay Area Toll Authority (BATA), the Director of Caltrans, and the Executive Director of the Commission, to oversee the delivery of the program. AB 1175 (Torlakson, Chapter 515, Statutes of 2009) added the Antioch and Dumbarton bridges to the program, bringing the total number of bridges in the program to nine and the total budget to \$9.435 billion. Seismic retrofits for the Antioch and Dumbarton bridges were completed

with \$483 million in savings. The TBPOC removed the \$483 million in savings from the program and returned it to BATA control, thereby reducing the program's 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.

Caltrans completed demolition of the old east span of the San Francisco-Oakland Bay Bridge in December 2018 and completed public access observation piers at the Yerba Buena Island and Oakland shorelines in October 2019. The TBPOC approved the naming of the Yerba Buena Island observation pier after the late TBPOC member and Commission Executive Director Bimla G. Rhinehart. In February 2019, the TBPOC reported to the Legislature that the objectives of the Toll Bridge Seismic Retrofit Program have been fulfilled, that all toll bridges are seismically safe, and that any remaining work activities can be overseen by Caltrans and BATA as part of normal existing operations, maintenance, and rehabilitation. In its final report to the Legislature for the fourth quarter of 2018, the TBPOC forecast a surplus of \$34.8 million and reported that a contingency balance of \$20.5 million is sufficient to cover the cost of any remaining identified risks. Caltrans expects to complete all activities associated with the pier retention projects in December 2019.

Local Streets and Roads Component

Following the 1989 Loma Prieta earthquake, Caltrans identified 1,242 publicly owned bridges on the local streets and roads network in need of seismic evaluation. With 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 to fund completion of the 479 bridges that remained in the program. 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 in this Annual Report contains details on the remaining local streets and roads seismic program bridges.

AERONAUTICS PROGRAM

The Aeronautics Program funds work such as safety grants, maintenance and capital improvement projects, and airport land use compatibility plans. The Aeronautics Program has two major funds: the Aeronautics Account, and the Local Airport Loan Account.

Aeronautics Account

The Aeronautics Account funds Caltrans' aeronautics program, including program administration. The Aeronautics Account receives 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 August 2018, the Commission approved assumptions for the 2019 Aeronautics Account Fund Estimate. The assumptions form the foundation upon which federal and state resource planning for the aeronautics program is developed. The 2019 Aeronautics Account Fund Estimate assumes a transfer in the amount of \$4 million annually from the Local Airport Loan Account.

Local Airport Loan Account

The Local Airport Loan Account is a subaccount of the Aeronautics Account. This subaccount provides loans for projects that benefit an airport and/or improve its self-sufficiency. As principal and interest payments are returned to the Local Airport Loan Account, additional loans can be made. Public Utilities Code section 21602(f)(2) authorizes the Department of Transportation to transfer money from this subaccount back to the Aeronautics Account if it determines more money is available than needed to support the loans, subject to approval by the Department of Finance and the Commission.

For FY 2018-19, the Aeronautics Account funded the following activities (listed in statutory order):

- **Collection of Fuel Taxes.** The account provided \$201,000 for the Department of Tax and Fee Administration and State Controller to collect and distribute the excise taxes on general aviation gasoline and jet fuel.
- **Caltrans' Division of Aeronautics Operations.** The account provided \$3.8 million for Caltrans' operations, such as administering Aeronautics Account programs and creating guidance for land use compatibility in areas around airports.
- **Annual Credits.** The Commission allocated \$1.5 million for \$10,000 grants or "credits" to each of the state's 149 general aviation airports for use at the sponsor's discretion, subject to applicable laws and regulations.
- **Airport Improvement Program Matching Grants.** These state grants assist an airport in meeting the local match for an Airport Improvement Program grant from the Federal Aviation Administration. Federal Aviation Administration grants cover 90% of eligible costs.



The state grant program covers approximately one-half of an airport's remaining match requirement, up to 5%, or a maximum of \$50,000 per project. The Department of Finance approved a \$1.4 million transfer from the Local Airport Loan Account for this grant program and, in June 2018, the Commission approved the \$1.4 million allocation request.

- **Acquisition and Development Program.** These state grants pay up to 90% of an airport's eligible costs for projects in the Aeronautics Program. The Commission requires that sponsors must provide a 10% match. The Commission did not receive allocation requests for this program in Fiscal Year 2018-19, because the Department of Finance did not approve transfers from the Local Airport Loan Account for this program.

In addition to administering the Aeronautics Account, the Caltrans Division of Aeronautics is statutorily responsible for development of the California Aviation System Plan. Federal requirements and California Public Utilities Code Sections 21701-21707 require Caltrans to update seven elements of the California Aviation System Plan every five years. Caltrans received a Federal Aviation Administration grant to update these elements, which it expects to complete by early 2021. In addition, the Capital Improvement Plan is an eighth element of the California Aviation System Plan. The Capital Improvement Plan is compiled biennially by Caltrans and submitted to the Commission. In June 2019, the Commission adopted the 2019 Aeronautics Capital Improvement Plan.

PROPOSITION 116 PROGRAM

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:

- \$1.9 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;
- \$30 million to a 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 waterborne transportation of passengers or vehicles, or both;
- \$10 million for administration of the program; and
- \$5 million to the Department of Parks and Recreation for development of a State Museum of Railroad Technology.

Since Proposition 116 passed nearly 30 years ago, the Commission has programmed all the funds, with only \$349,000 from savings on projects completed long ago remaining unprogrammed. In FY 2018-19, the Commission approved new allocations of just over \$7.4 million for two rail projects. Only the \$5 million programmed for the State Museum of Railroad Technology remains to be allocated.



ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM

The Enhanced Mobility of Seniors and Individuals with Disabilities Program (49 U.S.C. Chapter 53, Section 5310) is a federal grant program for the purchase of transit capital equipment to meet the specialized needs of elderly and disabled people for whom mass transportation services are unavailable, insufficient, or inappropriate. It includes a Traditional Program of capital projects and an Expanded Program that also funds mobility management and operating assistance projects.

In June 2017, the Commission adopted the 2017 Program with \$16.6 million in available federal funds. The 2017 Program includes \$9.1 million for the Traditional Program and \$7.5 million for the Expanded Program. The Commission allocated funds for the 2017 Program immediately following the program adoption. The Commission did not receive requests or take actions during FY 2018-19. The project list for the 2017 Program is available on the Commission's website at <https://catc.ca.gov/-/media/ctc-media/documents/tab-83-4-18-a11y.pdf>.

In summer 2019, Caltrans issued a call for projects for the 2019 Program. The Commission anticipates adopting the 2019 Program in early 2020.



ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM

The Environmental Enhancement and Mitigation Program funds environmental enhancement and mitigation projects directly or indirectly related to transportation projects. Eligible projects include, but are not limited to: urban forestry projects, resource lands projects, and mitigation projects beyond the scope of a lead agency responsible for assessing environmental impacts under the California Environmental Quality Act.

Streets and Highways Code Section 164.56 requires the California Natural Resources Agency (Resources Agency) to evaluate projects submitted for the program and requires the Commission to fund projects recommended by the Resources Agency. Any local, state, federal agency, or nonprofit entity may apply for and receive grants.

For the 2018 Environmental Enhancement and Mitigation Program, the Resources Agency reviewed 46 grant applications and recommended 12 projects totaling more than \$6.9 million. The recommended projects included four in Northern California totaling approximately \$2.6 million and eight in Southern California totaling approximately \$4.3 million.

The Resources Agency recommends projects for the year following the program cycle. Therefore, the Commission adopted the 2018 Environmental Enhancement and Mitigation Program in March 2019. By the end of FY 2018-19, the Commission had allocated funds totaling \$6.9 million to the Resources Agency for all 12 recommended 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 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 administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit or freight.

Through AB 194, the Legislature 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 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 additional milestones were accomplished in FY 2018-19:

- Two bridges were fully demolished, and eight bridges were partially demolished. In all ten cases, reconstruction of the bridges began immediately. The first bridge re-opened to traffic on August 30, 2019.
- Major roadway construction activities began in late 2018, including installation of underground drainage systems, concrete and asphalt paving, and construction of retaining and sound walls.

In 2019, the Commission received two applications for tolling authority pursuant to AB 194. First, the San Mateo County Express Lanes Joint Powers Authority, a joint venture between the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority, applied to develop and operate a 22-mile high-occupancy toll facility on U.S. 101 in San Mateo County between the Santa Clara county line to the south and Interstate 380 to the north. Second, the Los Angeles County Metropolitan Transportation Authority applied to develop and operate a high-occupancy toll facility along Interstate 105 between Interstate 405 and Interstate 605. For each application, the Commission held a hearing near the proposed toll facility to receive public comment. After considering public comments received at these hearings and in writing, and finding that the facilities met the eligibility criteria required by AB 194, the Commission approved both applications.

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 request 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 for Phase 2 of the Doyle Drive Replacement Project, otherwise known as the Presidio Parkway P3 Project, for \$1.4 billion. In June 2013, the Commission approved a revised funding plan totaling \$1.08 billion, including a risk reserve of \$36.8 million, for the Presidio Parkway project. The funding plan was revised in response to several 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, and through innovative scheduling and staging, the developer successfully opened the project to traffic nearly three months earlier than contractually required. The project replaced a 1.6-mile section of structurally deficient roadway with a new six-lane facility serving as access to the southern end of the Golden Gate Bridge and U.S. Highway 101, connecting Marin and San Francisco counties.

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 in 2016. 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. The Commission also approved the removal of the landscape area scope of work that would revert to the Presidio Trust from the developer's scope of work. 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. The Commission allocated the \$37 million for the settlement agreement at its March 2018 meeting.

In March 2019, the Commission allocated \$33.7 million to complete construction, close out the contract, and achieve final contract acceptance. The Commission's approval of this allocation resolved all outstanding contract claims associated with the project. The total amount allocated for the Presidio Parkway project was \$1.29 billion. In conjunction with an independent third party, Caltrans has committed to conducting a detailed analysis and publishing a report on the lessons learned and best practices with respect to this project.

The existing authorizing legislation 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 delivering 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 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 Improvement Project. The Commission authorized all 10 design-build slots for Caltrans as well as the locally administered State Route 91 Corridor Improvement 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 on which construction has been completed are listed in Table 10. These projects 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 10
Completed Design-Build Projects Completed Under SB X2-4

Project	Scope	Cost (in millions)	Status
San Mateo 101 - Install Ramp Metering System	Install new ramp metering on U.S. 101 in San Mateo County	\$11	Complete March 2014
Madera 99 - Rehabilitation Roadway	Rehabilitate pavement on SR 99 in and near Madera in Madera County	\$23	Complete April 2014
Fresno 180 - Construct Braided Ramps	Construct braided ramps on SR 180 in the city of Fresno between SR 41 and SR 168	\$41	Complete December 2014
Los Angeles 10/110 - HOV to HOT Lanes	Convert HOV lanes to HOT lanes on I-10 and SR 110	\$72	Complete February 2016
Los Angeles 10/605 - Construction Connector	Construct connector from southbound I-605 to eastbound I-10	\$46	Complete January 2017
San Diego 805 - HOV/BRT (North)	Construct HOV and bus rapid transit lanes on I-805	\$72	Complete April 2018
San Bernardino 15/215 - Devore Interchange Improvements	Improve the I-15/I-215 Interchange in San Bernardino County	\$208	Complete November 2017
San Bernardino 15 - Cajon Pass Rehabilitation	Rehabilitation of pavement on I-15 in San Bernardino County	\$114	Complete July 2018
Sacramento/Yolo 50/5 - Bridge Deck Rehabilitation	Rehabilitate the bridge decks on the U.S. 50 Sacramento River Viaduct and the I-5 West End Viaduct Bridge	\$18	Complete June 2015
Riverside 91 - Corridor Improvements Project (CIP)	Construct express lanes on SR 91 in Riverside County	\$633	Complete March 2017

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.

In 2018, Caltrans added four new projects to the Design-Build Demonstration Program and is in the process of identifying six additional projects as authorized by AB 401. These projects are listed in Table 11 along with the Gerald Desmond Bridge project that was authorized by SB X2-4 and has not completed construction. Local transportation agencies have also begun to utilize their unlimited design-build authority to deliver projects.

Table 11
Design-Build Projects Authorized Under AB 401

Project	Scope	Cost (in millions)	Status
U.S. 50 Multimodal Corridor Enhancement and Rehabilitation Project	Construct high-occupancy vehicle lanes and rehabilitate U.S. 50 in Sacramento	\$300	Under procurement
District 4 Office Elevator Replacement	Elevator replacement	\$5	Approved by Steering Committee. RFQ release target is fall 2019
Construct/Upgrade Pedestrian Facilities (ADA Compliance)	Improve pedestrian accessibility and ADA compliance at various locations	\$7	Approved by Steering Committee. RFQ release target is fall 2019
District 8 Maintenance Building	Maintenance building	\$20	Approved by Steering Committee. RFQ release target is fall 2019
Gerald Desmond Bridge	Gerald Desmond Bridge replacement	\$950	In construction

Construction Manager General Contractor

AB 2498 (Gordon, Chapter 752, Statutes of 2012) authorized Caltrans to use the Construction Manager General Contractor (CMGC) project delivery tool for six projects as a pilot program. The CMGC contracting method is a two-step process in which Caltrans enters into a pre-construction services agreement with a contractor but remains the engineer of record and utilizes the contractor as a construction manager during the design process to leverage the contractor's construction expertise, means, and methods to optimize project cost and schedule. The incorporation of the construction manager on the project delivery team, especially during constructability reviews, is an effective tool in identifying and mitigating project risks prior to entering the construction phase of a project. At a mutually agreed point in the design phase, Caltrans and the construction manager negotiate the price to construct the project, and an independent estimating team confirms this price is reasonable. After an agreement has been reached, the two parties enter into a construction agreement, the construction contract is awarded, 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 the CMGC contracting method in its program guidelines to address the unique aspects of project delivery utilizing this process. Utilizing the CMGC contracting method 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 project risks and contract change orders related to project constructability. To date, six projects authorized under the AB 2498 legislation have been awarded. The status of these projects is outlined in Table 12.

Table 12
Construction Manager General Contractor Projects Authorized Under AB 2498

Project	Scope	Cost (in millions)	Status
Fresno State Route 99 Realignment	Realign State Route 99 to accommodate high-speed rail	\$111	Complete
Mariposa State Route 140 - Ferguson Slide Restoration	Slide restoration	\$52-\$226	Construction (Work Packages)
Bay Bridge Demolition	Bridge demolition	\$117	Construction (Work Packages)
Interstate 5 North Coast Corridor	High-occupancy vehicle lanes and rail	\$606	Construction (Work Packages)
Interstate 215 at Barton Road Interchange Reconstruction	Interchange reconstruction	\$63-\$100	Construction
State Route 58 Kramer Junction Widening and Realignment	Widening and realignment	\$140	Construction

Recent legislation expanded Caltrans' authority for CMGC project delivery. AB 2126 (Mullin, Chapter 750, Statutes of 2016) authorized Caltrans to use CMGC 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. SB 1262 (Beall, Chapter 465, Statutes of 2018) removed the cap on the number of authorized CMGC projects for Caltrans while requiring interim and final reports that comprehensively assess the effectiveness of the CMGC project delivery method relative to project cost and time savings. Projects authorized under the SB 2126 legislation are listed in Table 13. Caltrans is in the process of identifying additional projects for the CMGC program.

Table 13**Construction Manager General Contractor Projects Authorized Under SB 2126**

Project	Scope	Cost (in millions)	Status
U.S. 101 Managed Lanes	High-occupancy toll lanes	\$110-\$328	Construction
			(Work Packages)
Alameda County Interstate 80/580/880 University Avenue/MacArthur Maze	Increase vertical clearance	\$42-\$125	Pre-Construction
Sacramento SR 99 Cosumnes River Bridges	Replacement and rehabilitation of bridges	\$113	Pre-Construction
Santa Barbara U.S. 101 High-Occupancy Vehicle	High occupancy vehicle lanes	\$411	Pre-Construction
Interstate 80/Interstate 680/State Route 12 Interchange Package 2A	Interchange connection	\$50	Pre-Construction
Yreka Rehabilitation	Pavement rehabilitation and accessibility improvements	\$53	Pre-Construction
San Dieguito Lagoon Restoration	Restore wetlands of adjacent San Dieguito Lagoon	\$57	Pre-Construction

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 Caltrans and the Commission have approved for construction. 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. As of December 31, 2018, the total amount of outstanding debt service is \$22.2 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 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

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

COMMISSIONERS

Fran Inman, Chair

Paul Van Konynenburg, Vice Chair

Bob Alvarado

Yvonne B. Burke

Tamika Butler

Lucetta Dunn

Carl Guardino

Christine Kehoe

Hilary Norton

Joseph Tavaglione

EX OFFICIO MEMBERS

The Honorable Jim Beall, Member of the California Senate

The Honorable Jim Frazier, Member of the California Assembly

STAFF MEMBERS

Susan Bransen, Executive Director

Mitchell Weiss, Chief Deputy Director

George Spanos, General Counsel

Teri Anderson, Chief Engineer

Zilan Chen, Deputy Director

Dawn Cheser, Deputy Director

Paul Golaszewski, Deputy Director

Garth Hopkins, Deputy Director

Anja Aulenbacher

Justin Hall

Jon Pray

Elika Changizi

Michael Joseph

Douglas Remedios

Kevin Dillon

James Malinovsky

Alicia Sequeira Smith

Brigitte Driller

Denise Mitchell

Hannah Walter

Teresa Favila

Jose Oseguera

Laurie Waters

Laurel Goddard

Meghan Pedroncelli

Christine Gordon

Laura Pennebaker

Designed by Pat Davis Design Group, Inc.
www.pddesign.com



California Transportation Commission

1120 N Street, MS-52
Sacramento, California 95814
Tel: 916.654.4245
Fax: 916.653.2134
www.catc.ca.gov

