

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 15-16, 2019

  
From: SUSAN BRANSEN, Executive Director

Reference Number: 4.28, Action

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Subject: **Adoption of the Trade Corridors Improvement Fund Close-Out Policy,  
Resolution TCIF-P-1819-09**

**Issue:**

Should the California Transportation Commission (Commission) approve the attached policy to close-out the Trade Corridors Improvement Fund program?

**Recommendation:**

The Trade Corridors Improvement Fund Program Guidelines, adopted by the Commission in December 2007, required construction contracts be awarded by December 31, 2013. The award deadline was later extended to December 2019 to maximize the use of project savings.

The Trade Corridors Improvement Fund is now over ten years old and most projects are completed or finishing construction, therefore Commission staff recommends the Commission approve the following Trade Corridors Improvement Fund Close-out policy outlined below and included as Attachment A.

- The Commission will only consider program amendments and allocations prior to June 30, 2020; therefore, all program amendments and allocations must be approved no later than the June 2020 Commission meeting.
- Program amendments and allocations will not be considered to increase funding on projects which have already received an allocation.
- Program amendments and allocations will not be considered if the project is already fully funded. That is, Trade Corridor Improvement Funds will not be used to supplant other funds.
- Trade Corridors Improvement Funds will only be used to fund the construction component of a project.

- Cost increases will only be considered on Trade Corridors Improvement Fund projects that are currently programmed, have not yet received a construction allocation, and the matching funds are also increased to meet the one-to-one match requirement.
- Trade Corridors Improvement Funds may also be considered to cover construction cost increases on projects in the 2018 Trade Corridor Enhancement Program that are currently programmed, have not yet received a construction allocation, and the matching funds are also increased to meet the one-to-one match requirement.
- The reimbursement ratio may be adjusted, for active projects, based on eligible construction costs instead of the total construction cost identified in the Baseline Agreement.
- The Trade Corridors Improvement Funds may be invoiced on a non-proportional basis, as long as matching requirements are met at project closeout.
- Any remaining savings identified after June 2020 will be redirected to the Trade Corridor Enhancement Program.
- All other provisions of the Trade Corridor Improvement Fund Program Guidelines and Accountability Guidelines remain in effect.

**Background:**

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 passed by voters as Proposition 1B in November 2006, included \$2.0 billion for the Trade Corridors Improvement Fund. The Commission recognized the need far exceeded the amount authorized and approved moving \$500 million from the State Highway Operation and Protection Program to fund state-level priorities that are critical to goods movement. This strategy was codified in AB 268 (Committee on Budget, Chapter 756, Statutes of 2008).

The Trade Corridors Improvement Funds are available for infrastructure improvements along federally designated "Trade Corridors of National Significance" or along other corridors that have a high volume of freight movement.

As of March 2019, the Commission has programmed \$2.43 billion to 104 projects and allocated \$2.4 billion to 101 projects. Three projects programmed at \$34 million remain unallocated. The remaining \$63 million of available funding includes \$50 million reserved for bond administration and \$13 million in unprogrammed savings.

Of the 101 allocated projects, 75 projects have been completed and 26 projects are under construction.

Attachment A: Trade Corridors Improvement Fund Close-Out Policy, Resolution TCIF 18-19-09.



MAY 16 2019

CALIFORNIA  
TRANSPORTATION COMMISSIONReference No.: 4.28  
May 15-16, 2019  
Attachment A**CALIFORNIA TRANSPORTATION COMMISSION****Trade Corridors Improvement Fund Close-Out Policy****RESOLUTION TCIF-P-1819-09**

- 1.1 WHEREAS the California Transportation Commission (Commission) adopted the Trade Corridors Improvement Fund Guidelines on December 12, 2007, and
  - 1.2 WHEREAS, the Commission required construction contracts be awarded by December 31, 2013, and
  - 1.3 WHEREAS, the award deadline was extended to December 2019 to maximize the use of project savings, and
  - 1.4 WHEREAS, the Trade Corridors Improvement Fund is now over ten years old and most projects are completed or finishing construction.
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- 2.1 NOW THEREFORE BE IT RESOLVED, that the Commission hereby adopts the below policy to close-out the Trade Corridors Improvement Fund program:
    - The Commission will only consider program amendments and allocations prior to June 30, 2020; therefore, all program amendments and allocations must be approved no later than the June 2020 Commission meeting.
    - Program amendments and allocations will not be considered to increase funding on projects which have already received an allocation.
    - Program amendments and allocations will not be considered if the project is already fully funded. That is, Trade Corridors Improvement Funds will not be used to supplant other funds.
    - Trade Corridors Improvement Funds will only be used to fund the construction component of a project.
    - Cost increases will only be considered on Trade Corridors Improvement Fund projects that are currently programmed, have not yet received a construction allocation, and the matching funds are also increased to meet the one-to-one match requirement.
    - Trade Corridors Improvement Funds may also be considered to cover construction cost increases on projects in the 2018 Trade Corridors Enhancement Program that are currently programmed, have not yet received a construction allocation, and the matching funds are also increased to meet the one-to-one match requirement.
    - The reimbursement ratio may be adjusted, for active projects, based on eligible construction costs instead of the total construction cost identified in the Baseline Agreement.
    - The Trade Corridors Improvement Funds may be invoiced on a non-proportional basis, as long as matching requirements are met at project closeout.
    - Any remaining savings identified after June 2020 will be redirected to the Trade Corridors Enhancement Program.
    - All other provisions of the Trade Corridors Improvement Fund Program Guidelines and Accountability Guidelines remain in effect.