

Reference No.: 4.5
May 18-19, 2022
Attachment B

CALIFORNIA TRANSPORTATION COMMISSION

**STATE HIGHWAY OPERATION AND
PROTECTION PROGRAM GUIDELINES**

CALIFORNIA TRANSPORTATION COMMISSION
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CALIFORNIA TRANSPORTATION COMMISSION

STATE HIGHWAY OPERATION AND PROTECTION PROGRAM GUIDELINES

I. INTRODUCTION

1. Purpose

These guidelines describe the policies, standards, criteria and procedures for the California Transportation Commission's (Commission) development, adoption, and management of the State Highway Operation and Protection Program (SHOPP).

2. Commission Mission

The Commission is an independent public agency dedicated to ensuring a safe, financially sustainable, world-class multimodal transportation system that reduces congestion, improves the environment, and facilitates economic development through the efficient movement of people and goods.

3. Guidelines Objectives

These guidelines were developed and adopted with the following basic objectives:

- a. Develop the SHOPP as a resource management document that is consistent with the Transportation Asset Management Plan (TAMP) and the State Highway System Management Plan.
- b. Encourage engagement with diverse partners, stakeholders, and the public through a transparent development and selection process.
- c. Accelerate project delivery, to ensure efficient use of funds, and to address deferred maintenance on the state highway system.
- d. Establish allocation thresholds that the Commission determines are necessary to ensure efficiency and provide exceptions as needed so that projects are not unnecessarily delayed.
- e. Recognize that accountability, flexibility, and simplicity are key components to the objectives of the Guidelines.

4. Statutory Authority

See Appendix B for a listing of the Statutory Authority related to the SHOPP Guidelines.

5. Applicability of SHOPP Guidelines

The SHOPP Guidelines apply to projects programmed in the SHOPP. The SHOPP Guidelines do not apply to transportation programming requirements specified in Federal Transportation Improvement Programs (FTIP) and the Federal Statewide Transportation Improvement Program (FSTIP) required by federal statutes. Generally, all projects receiving federal transportation

funds must be programmed in a FTIP (for projects in urbanized regions) and in a FSTIP. Metropolitan Planning Organizations are responsible for developing and adopting FTIPs and the California Department of Transportation (Caltrans) is responsible for preparing the FSTIP. The requirements for FTIPs and the FSTIP are specified in federal statutes (Title 23 United States Code) and federal regulations (23 Code of Federal Regulations part 450).

6. Compliance with Federal and State Requirements

Caltrans shall comply with all federal and state requirements.

7. Amendments to the Guidelines

The Commission may amend the adopted SHOPP guidelines after first giving notice of the proposed amendment and conducting at least one public workshop.

8. Delegation of Authority

As of the date of these SHOPP Guidelines, the Commission has taken formal action to delegate certain authorities to Caltrans. The following resolutions are included in the appendices:

- Resolution G-00-13: Project Development Costs
- Resolution G-19-01: Sub-allocation and Adjustment of Right of Way Capital
- Resolution G-19-05a: Sub-allocation and Adjustment of the SHOPP Minor Program.
- Resolution G-06-13: Allocation of Funds for Safety Projects.
- Resolution G-21-11: Funding Emergency Condition Response Projects.
- Resolution G-19-12: Adjustment and Modification of Project Allocations and Descriptions.

II. SHOPP DOCUMENT OVERVIEW AND DEVELOPMENT

9. General

The SHOPP is a biennial program adopted no later than April 1 of each even-numbered year. Consistent with the Biennial State Transportation Improvement Program (STIP) Fund Estimate, each SHOPP will cover the last two years of the previous SHOPP and add two new years of programming capacity.

10. SHOPP Preparation

Pursuant to Government Code Section 14526.5(a), and consistent with the TAMP, Caltrans shall prepare a four-year SHOPP for the expenditure of transportation funds for major capital improvements needed to preserve and protect the state highway system. Consistent with the TAMP and the State Highway System Management Plan, each new SHOPP document shall include projects carried forward from the previous SHOPP, new projects, and reservations. The total amount programmed in each fiscal year of the SHOPP shall not exceed the amount specified in the STIP Fund Estimate.

It is the Commission's expectation that the Department will perform and report on outreach conducted in the development of the SHOPP. This should include, but not be limited to, input from regional transportation and other public agencies, Native American tribal governments, non-governmental organizations, and members of the public on: the State Highway System Management Plan, the SHOPP Ten-Year Project Book, and the selection of new projects to be included in the four-year SHOPP Program.

Pursuant to Streets and Highways Code Section 2030, to the extent possible and cost-effective, and where feasible, Caltrans shall:

- a. Use advanced technologies and material recycling techniques that reduce the cost of maintaining and rehabilitating the streets and highways, and that exhibit reduced levels of greenhouse gas emissions through material choice and construction method.
- b. Use advanced technologies and communications systems in transportation infrastructure that recognize and accommodate advanced automotive technologies that may include, but are not necessarily limited to, charging or fueling opportunities for zero-emission vehicles, and provision of infrastructure-to-vehicle communications for transitional or full autonomous vehicle systems.
- c. In the context of both the project scope and the risk level for the asset due to global climate change, include features in projects to better adapt the asset to withstand the negative effects of climate change and make the asset more resilient to impacts such as fires, floods, and sea level rise.
- d. In the context of facility type, right of way, project scope, and quality of nearby alternative facilities, incorporate complete street elements, including, but not limited to, elements that improve the quality of bicycle and pedestrian facilities and that improve safety for all users of transportation facilities.

Each new SHOPP document shall include a summary for each item listed above and how the proposed submittal of projects meets the above expectations.

11. SHOPP Development Schedule

The following schedule lists the major milestones for the development and adoption of the SHOPP:

Milestone	Deadline
Caltrans submits the proposed State Highway System Management Plan to the Commission for review and comments	By February 15 of odd-numbered years.
Commission reviews and comments on the State Highway System Management Plan	March of odd-numbered years
Caltrans submits final State Highway System Management Plan to Governor and Legislature	By June 1 of odd-numbered years
Caltrans presents Draft Fund Estimate to the Commission	By July 15 of odd-numbered years
Commission adopts Fund Estimate	By August 15 of odd-numbered years
Caltrans and Regional Transportation Planning Agencies coordinate in the development of candidate projects	Ongoing
Caltrans to share initial draft of proposed SHOPP with Regional Transportation Planning Agencies as well as members of the public (initial draft of proposed SHOPP shall be provided in a tabular format upon request)	By December 7 of odd-numbered years
Caltrans submits proposed SHOPP	By January 31 of even-numbered years
SHOPP Hearing in Northern California	February of even-numbered years
SHOPP Hearing in Southern California	March of even-numbered years
Commission Adopts SHOPP and Submits to Legislature and Governor	By April 1 of even-numbered years

12. Eligibility

Projects eligible for SHOPP funds as defined by Government Code Section 14526.5 include major capital improvements that are necessary to preserve and protect the state highway system and are consistent with the TAMP. Projects included in the program shall be limited to improvements relative to the maintenance, safety, operation, and rehabilitation of state highways and bridges that do not add a new traffic lane to the system.

For the purposes of the SHOPP Guidelines, a new traffic lane, as prohibited by Government Code Section 14526.5, shall be defined as the portion of the traveled way for the through movement of a single line of motor vehicles. In other words, the addition of a lane to widen a highway and thereby increase the overall route's throughput capacity would not be eligible.

Examples of SHOPP-eligible operation improvement projects include, but are not limited to the following:

- a. Auxiliary lanes near ramps and interchanges to allow for safe acceleration and deceleration of entering and exiting vehicles.
- b. Intersection modifications including traffic signals.
- c. Bike and pedestrian facilities.
- d. Slow vehicle lanes on conventional highways and four lane freeways, where justified on the basis of an engineering analysis.
- e. Curve and vertical alignment corrections.
- f. Two-way left turn lanes.
- g. Channelization.
- h. Turnouts.
- i. Chain control and truck brake inspection sites.
- j. Shoulder widening.
- k. Traffic Management Systems.
- l. Traffic Management Centers.
- m. Multimodal corridor projects.

13. Display of Project Scope, Budget, Schedule, and Project Outputs

The SHOPP document shall include the following information for each project:

- a. The project title, including a brief description of the project location and limits (community name, corridor, street name, etc.), and a phrase describing the type and scope of the project. Caltrans shall assign an editor to review and ensure the use of consistent, meaningful, and descriptive language across all projects.
- b. A unique project identification number provided by Caltrans.
- c. For projects on the state highway system, the route number and post-mile limits. For projects on four or more routes, the route and postmile limits will be “Var”, meaning various.
- d. Any appropriate funding restriction or designation, including projects requiring state-only funding, or projects requiring federal funds.
- e. Planned project outputs for each project. The project outputs should be based on quantified and qualitative information to document transparently and in plain language how the project is consistent with the Commission-approved TAMP.
- f. A notation indicating that the project has met the threshold and will be required to submit a Senate Bill (SB) 1 SHOPP Baseline Agreement.

14. Project Budget

For each project in the SHOPP, Caltrans shall identify each phase of a project and include the specified budget, including the source and amounts of non-SHOPP funds, if any, committed to the project phase and overall project. Pursuant to Government Code Section 14526.5(c)(1), Caltrans, at a minimum, shall specify, for each project in the SHOPP (where applicable), the budget for each of the following project phases:

- a. Project Approval and Environmental Document (PA&ED phase)
- b. Plans, Specifications, and Estimate (PS&E phase)
- c. Right of Way Support
- d. Construction Support
- e. Right of Way Capital
- f. Construction Capital

15. Project Milestone Dates

Each phase of a project must have a specified schedule. Pursuant to Government Code Section 14526.5(c)(2), Caltrans shall specify a projected delivery date for each of the following components:

- PA&ED phase completion
- PS&E phase completion (signified as Ready to List (RTL))
- Right of Way certification (or Right of Way Status Statement for Design-Build projects)
- Start of Construction (signified as Approve Contract)

16. Database

Caltrans is responsible for maintaining an electronic database record of the adopted SHOPP documents and Commission actions that amend the SHOPP. The current database is known as the California Transportation Improvement Program System (CTIPS).

Consistent with this database, Caltrans shall develop and maintain a transparent system to display in plain language each SHOPP project's support and capital programming and allocations, schedule, scope, expected project outputs and updates thereof to enhance communication among the districts and headquarters, to ensure efficient management of the entire portfolio, and to provide public transparency.

III. RELATED STATUTORY DOCUMENTS

17. Transportation Asset Management Plan

Pursuant to Government Code Section 14526.4, Caltrans in consultation with the Commission shall prepare a robust Transportation Asset Management Plan to guide selection of projects for the SHOPP. The Commission reviews

and approves the Transportation Asset Management Plan and adopts targets and performance measures reflecting state transportation goals and objectives. The Transportation Asset Management Plan is a strategic and systematic process of operating, maintaining, and upgrading physical assets effectively through their lifecycle by focusing on business and engineering practices for resource allocation and utilization based on well-defined objectives. Pursuant to Government Code Section 14526.7(a), Caltrans shall incorporate the performance targets adopted by the Commission pursuant to Government Code Sections 14526.4 and 14526.5.

Notwithstanding the foregoing, SB 1 (Beall, Chapter 5, Statutes of 2017) states the Legislature's intent that Caltrans meet the following preliminary performance outcomes for additional state highway investments by the end of 2027, in accordance with applicable state and federal standards:

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

18. State Highway System Management Plan

Pursuant to Streets and Highways Code Section 164.6(a)(1), Caltrans shall prepare a State Highway System Management Plan. The State Highway System Management Plan shall include a ten-year state highway system rehabilitation plan for the rehabilitation or reconstruction, or combination thereof, by the SHOPP, of all state highways and bridges owned by the state.

Pursuant to Streets and Highways Code Section 164.6(a)(2), the State Highway System Management Plan shall also include a five-year maintenance plan that addresses the maintenance needs of the state highway system. The maintenance plan shall be updated every two years. The maintenance plan shall include only maintenance activities that, if the activities are not performed, could result in increased SHOPP costs in the future. The maintenance plan shall identify any existing backlog in those maintenance activities and shall recommend a strategy, specific activities, and an associated funding level to reduce or prevent any backlog during the plan's five-year period.

Caltrans shall incorporate Climate Action Plan for Transportation Infrastructure (CAPTI) strategies as well as the Caltrans Equity Statement in the development and implementation of the State Highway System Management Plan to the maximum extent feasible while meeting the legal, statutory, and operational requirements of the State Highway System.

IV. FUNDING

19. Biennial STIP Fund Estimate

By July 15 of each odd-numbered year, Caltrans shall submit to the Commission a proposed fund estimate for the following five-year STIP period which also includes proposed program funding levels for the SHOPP. The Commission shall adopt the STIP Fund Estimate by August 15 of that same year. The assumptions on which the STIP Fund Estimate is based shall be determined by the Commission in consultation with Caltrans, regional agencies, and county transportation commissions.

20. State-Only Funding

Projects must follow the Federal-Aid Project Funding Guidelines as adopted by the Commission. The Commission will assume that all projects will be qualified for federal transportation funding unless specifically exempt per the Federal-Aid Project Funding Guidelines. Whenever Caltrans deviates from the Federal-Aid Project Funding Guidelines and designates a project to be programmed for state-only (non-Federal) funding, it will explain the reason for this designation. Unless consistent with the Federal-Aid Project Funding Guidelines, projects programmed without a state-only designation and later proposed for state-only funding allocations will be subject to Commission approval at allocation.

21. Joint State and Local Funding

If Caltrans and a local or regional agency agree, they may, if consistent with all applicable state and federal laws, regulations, and guidelines, recommend that a new project or a project cost increase be jointly funded from state and local funds and execute a cooperative agreement to reflect the agreed participations. Caltrans may propose to make a SHOPP financial contribution for SHOPP-eligible work on a locally administered project. This is known as a Financial Contribution Only project. SHOPP funds programmed for use on Financial Contribution Only projects shall be directly related to the estimated cost of the SHOPP eligible work and shall be prioritized against other statewide needs consistent with the performance-based decision-making framework in the Transportation Asset Management Plan and the State Highway System Management Plan.

22. Grant Anticipation Revenue Vehicle (GARVEE) Bonding

If the fund estimate forecasts the availability of federal funding for the SHOPP, the Commission may, by SHOPP amendment, select SHOPP eligible projects proposed for accelerated construction through Grant Anticipation Revenue Vehicle (GARVEE) bonding. The Commission will select projects for GARVEE bonding that rehabilitate and/or improve operation of corridors and gateways for interregional travel and goods movement, especially projects that promote economic development and projects that are too large to be programmed within the SHOPP on a pay-as-you-go basis. The Commission's expectation is that, generally, these will be projects with very high costs.

Each bond will be structured for debt service payments over a term of not more than 12 years. In designating SHOPP projects for bonding and scheduling bond sales, the Commission will give consideration to an overall annual debt service limit of 15 percent of Federal revenues available to the SHOPP.

GARVEE bonds cover only the federally-funded portion of a project's cost (generally 88.5 percent). GARVEE bonding in California is structured so that the state's future federal transportation apportionments pay all debt service. This requires that the entire non-federal portion of project cost (including costs of issuance and interest) be provided at the time of construction on a pay-as-you-go basis. The Commission's policy is that the non-federal portion of project costs will be programmed within the current SHOPP capacity. Although local funds may be applied to the non-federal share, the ability of a local agency to contribute its funding to a SHOPP project will not be a major criterion in the selection of SHOPP projects for GARVEE bonding.

V. ADOPTION/PROGRAMMING

23. SHOPP Submittal

Pursuant to Government Code Section 14526.5(d), Caltrans shall submit the proposed SHOPP to the Commission no later than January 31 of each even year. Caltrans shall provide the Commission with detailed information for all projects including, but not limited to, cost, scope, schedule, and project outputs. The SHOPP document will describe in plain language its overall adequacy and consistency with the State Highway System Management Plan as well as the Commission approved Transportation Asset Management Plan, funding priorities established in Streets and Highways Code Section 167, the level of annual funding needed to implement the program, and the impact of those expenditures on the State Transportation Improvement Program. Prior to submitting its proposed program, Caltrans shall make a draft of the proposed SHOPP available to transportation planning agencies for review and comment and shall include the comments in its submittal to the Commission.

24. Adoption

Pursuant to Government Code Section 14526.5(e), the Commission shall review each SHOPP document relative to its overall adequacy and consistency with the Transportation Asset Management Plan prepared and approved pursuant to Government Code Section 14526.4 and funding priorities established in Streets and Highways Code Section 167, the level of annual funding needed to implement the program, and the impact of those expenditures on the STIP.

Not later than April 1 of each even numbered year the Commission shall adopt the SHOPP document and submit it to the Legislature and to the Governor. The Commission may decline to adopt the SHOPP if the Commission determines that the program is inadequate or it is not sufficiently consistent with the State Highway System Management Plan and

Transportation Asset Management Plan.

Pursuant to Government Code Section 14526.5 (f), as part of the Commission's review, the Commission shall hold at least one hearing in northern California and one hearing in southern California regarding the proposed program.

Each SHOPP document shall be a statement of the Commission's intent for allocation and expenditure of funds for the following four years as well as a resource management document to assist in the planning and utilization of transportation resources in a cost-effective manner. Each adopted SHOPP document shall take effect upon adoption and shall remain in effect until a new SHOPP is adopted.

Caltrans will publish the SHOPP document within 75 days of the SHOPP adoption and make copies available to the Commission. To facilitate development, analysis and management of the SHOPP, Caltrans will provide the Commission appropriate access to the SHOPP database.

Projects allocated for construction in prior SHOPP documents, but which have not achieved final acceptance, are incorporated by reference in the newly adopted SHOPP document until final acceptance is achieved and a final report of actual expenditures against Commission allocations is provided to the Commission.

25. Project-level Information

To allow for meaningful public engagement early in project development, project-level information will be provided beginning with all projects for which Project Initiation Documents are being developed for inclusion in the next SHOPP. At a minimum the information will include: the project description, a vicinity map, the proposed purpose of the project, target construction year, and project contact information. Caltrans shall develop, in consultation with the Commission, a format for portraying the project-level information on a publicly accessible website.

Project information must be updated as project scope, cost, schedule, and outputs are refined throughout the project development process.

26. Project Initiation Documents

A new project may only be programmed in the SHOPP with a complete Project Initiation Document that defines and justifies the project scope, cost, schedule, and expected outcomes and benefits including project outputs. A Project Initiation Document is a report that meets the standards of the Commission's *Guidelines for the Preparation of Project Study Reports*. The Project Initiation Document must provide a preliminary estimate of costs for all components. The Project Initiation Document must be submitted, or a link may be provided to view the document electronically. Each Project Initiation Document must account for known risks that might impact the project budget, scope, schedule, and achievement of project outputs from initiation through construction completion. Development of the Project Initiation

Documents should include input from diverse partners, stakeholders, and the public as appropriate.

27. Project Selections

Consistent with the Transportation Asset Management Plan and the State Highway System Management Plan, Caltrans shall establish a transparent selection process to select quality eligible projects for each SHOPP document. Each eligible project's planned project outputs must be identified and be consistent with the Transportation Asset Management Plan. Input from diverse partners, stakeholders, and the public should be considered when selecting projects for the SHOPP document. The Project Initiation Document for any new project proposed for programming in the SHOPP shall be made available to the public.

New projects may be amended in to the adopted SHOPP between SHOPP cycles at the discretion of the Commission. Prior to a request to add a new project that is not part of a reservation, as described in Section 43, Caltrans shall provide information to commission staff to show that the program has sufficient capacity, and to explain the need for a mid-cycle amendment, how local partners, stakeholders, and the public were engaged, and an explanation of how this project was prioritized against other statewide needs based on the performance-based decision-making framework in the Transportation Asset Management Plan and the State Highway System Management Plan.

28. Programming Project Components Sequentially

Caltrans may not begin project development work on a SHOPP project phase until funds for that phase are allocated. Pursuant to Commission Resolution G-00-13, a SHOPP eligible project may be programmed for environmental work only. The Commission recognizes a particular benefit in programming projects for environmental work only, since project costs and particularly project scheduling often cannot be determined with meaningful accuracy until environmental studies have been completed. The premature programming of post-environmental components can needlessly tie up SHOPP programming resources while other transportation needs go unmet.

The Commission will program a project component only if it determines that the component is fully funded, either from SHOPP funds or from other committed funds. The Commission will regard non-SHOPP funds as committed when the local agency with discretionary authority over the funds has made its commitment to the project by ordinance or resolution and has entered into a cooperative agreement with Caltrans.

When applicable for federal formula funds, including Surface Transportation Block Grant Program and Congestion Mitigation and Air Quality Improvement Program, the commitment may be by FTIP adoption.

A project that is programmed prior to receiving federal approval for construction must receive the federal approval in the FTIP prior to construction allocation.

29. Programming of Alternative Delivery Method Projects

Projects using the Construction Manager/General Contractor delivery method should be identified at the time of programming. If a Construction Manager/General Contractor delivery strategy is determined at a later date, the project shall be amended accordingly. The project will be programmed in the same manner as projects utilizing design-bid-build delivery, although flexibility in schedule, scope and cost may be requested and approved consistent with allocation and programming capacity, and timely use of funds policy.

Projects using design-build or design-sequencing procurement should be identified at the time of programming. If the design-build or design-sequencing procurement strategy is determined at a later date, the project shall be amended accordingly.

30. Programming of Long-Lead and Contingency Projects

Commission Resolution G-00-13, approved in June 2000, provides Caltrans with a means to commence project delivery efforts on SHOPP Long Lead projects that require periods longer than the four-year SHOPP time frame to develop. Subject to the approval of the Commission, Long Lead projects shall be programmed in the SHOPP and will be subject to the same delivery, management, and reporting requirements as all other SHOPP projects in the Commission-adopted program.

The Commission further authorized Caltrans to program contingency projects for pre-construction development only, when appropriate, thus creating projects that address performance goals without committing SHOPP resources to construction capital and support before the resources are needed. Design-Build contingency projects should be fully funded after approval of the Environmental Document and prior to the release of a Request for Qualifications. All other contingency projects should be fully funded in accordance with Section 52 of these guidelines prior to the request for a construction allocation.

31. Multi-Modal Corridor Projects

SHOPP eligible Multi-Modal Corridor projects may be programmed in the SHOPP when consistent with the Transportation Asset Management Plan and the State Highway System Management Plan. A corridor is defined as a largely linear geographic band defined by existing and forecasted travel patterns involving both people and goods. The corridor serves a particular travel market or markets affected by similar transportation needs and mobility issues. It includes various modes that provide similar or complementary transportation functions, including cross-mode connections.

32. Completion of Environmental Process

The Commission may program funding for project right of way or construction only if it determines that Caltrans will complete the environmental process and can proceed with right of way acquisition or

construction within the four-year period of the SHOPP.

Pursuant to Public Resources Code Section 21102, the Commission may not allocate funds for design, right of way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act (CEQA). For projects that are categorically exempt, a Caltrans determination of categorical exemption is required prior to allocation of design, right of way, or construction funding. As a matter of policy, the Commission will not allocate funds for design, right of way, or construction of a federally funded project prior to documentation and/or determination as appropriate of environmental clearance under the National Environmental Policy Act (NEPA). Exceptions to this policy may be made in instances where federal law allows for the acquisition of right of way prior to completion of NEPA review and the project is not subject to CEQA or compliance with CEQA is achieved.

33. Programming Combined SHOPP and Non-SHOPP Projects

Where a project or project component is to be programmed and funded from both SHOPP and non-SHOPP sources, the project description shall indicate whether the non-SHOPP programming commitment is for a particular dollar amount, a particular percentage of total project cost, or a particular element or item of work. All SHOPP funds must be expended proportionally with other funding, except as otherwise approved by the Commission. The Commission must approve non-proportional spending for the expenditure of SHOPP funds before other non-SHOPP resources. For projects funded from both SHOPP and non-SHOPP sources and where the Commission has approved non-proportional spending allowing for the expenditure of SHOPP funds before other funds (sometimes referred to as sequential spending), the project is not eligible for an increased (supplemental) allocation under the authority delegated to Caltrans by Commission Resolution G-19-12 until all other non-SHOPP funds committed to the project have been expended.

34. Programming Escalations

Caltrans is responsible for applying escalations when recommending projects to the Commission for programming. The amount programmed for each project phase shall be escalated to the mid-point of the duration of each phase. The standard escalation rate shall be the rate specified in the last Commission adopted Fund Estimate for the SHOPP. Caltrans may elect to use alternative escalation factors as it deems appropriate.

VI. ALLOCATIONS

35. Safety Projects

Pursuant to Commission Resolution G-06-13 Caltrans may allocate up to 120 percent of the programmed construction funds to SHOPP safety projects. Caltrans shall bring forward for Commission consideration any safety project with a construction allocation greater than 120 percent of the programmed amount.

36. Emergency Condition Response Projects

Pursuant to Commission Resolution G-21-11 Caltrans is authorized to allocate funds for emergency condition response projects and associated right of way acquisition from appropriate state and federal fund sources to immediately perform emergency work on state-owned transportation facilities and property or related work in adjacent areas, with the understanding that these allocations will be amended into the SHOPP and reported to the Commission at its next meeting.

37. Minor Projects

Pursuant to Commission Resolution G-19-05a, the Commission delegated authority to Caltrans for sub-allocations and/or adjustment authority to streamline and help in the management of minor projects. The Minor Reservation in the SHOPP is for SHOPP-eligible projects only that are consistent with the Commission adopted Transportation Asset Management Plan.

38. Allocation of Support and Construction Funds

Pursuant to Government Code Section 14526.5(g) the Commission is required to allocate Caltrans' capital outlay support resources by project phase, including preconstruction. Through this action, the Commission will provide public transparency for Caltrans' budget estimates, increasing assurance that the annual budget forecast is reasonable. The following applies to the Commission's allocations:

- a. The Commission allocates the programmed support and construction capital funds for all projects listed in the SHOPP. This establishes the original allocation budget for each phase.
- b. The Commission will consider allocation of funds for a programmed project or programmed phase when it receives an allocation request and recommendation from Caltrans. The Commission will only consider an allocation of construction capital and/or construction support funds to projects that are ready to advertise.
- c. For ready-to-advertise projects, the Commission expects Caltrans to certify that a project's plans, specifications, and estimate are complete, constraints are cleared for environmental and right of way, and all necessary permits and agreements (including railroad construction and maintenance) are secured. These projects are considered Ready to List (RTL) by Caltrans.
- d. Projects not ready for advertisement will not be placed on the Commission's agenda for construction support or construction capital allocation approval.
- e. Unless otherwise approved by the Commission in accordance with the Timely Use of Funds provisions, all construction capital allocations are valid for six months from the date of allocation unless the Commission approves a contract award time extension.

- f. Unless otherwise approved by the Commission in accordance with the Timely Use of Funds provisions, all allocations for support are valid for six months from the date of allocation unless the Commission approves a project expenditure time extension.
- g. All programming and allocations will be made in units of \$1,000, and all allocation requests shall therefore be in units of \$1,000.
- h. The costs allocated for Caltrans construction projects are to be based on the engineer's final estimate presented to the Commission for an allocation vote.
- i. For support or construction allocation requests greater than 120 percent of the programmed amount, Caltrans shall submit a detailed request to the Commission for its approval.
- j. The allocation request shall include a determination of the availability of funding and a recommendation on the source of funding. The recommendation on the source of funding shall include the amounts by fund account (i.e., State Highway Account, Road Maintenance and Rehabilitation Account, or Federal Trust Fund) as well as the fund type within the account. Caltrans' recommendation to the Commission for state-only funding of a project will be made in accordance with Caltrans' current policy for exceptions to federal funding. The final determination of fund type available for a project will be made in the Commission's allocation of funds to the project. The Commission will approve the allocation only if the funds are available and are necessary to implement the project as programmed in the SHOPP.
- k. Each project's phase must be allocated on time consistent with the fiscal year programmed by the Commission. Scheduled fiscal year allocations must be completed no later than June 30th of each year.
- l. Allocations for projects using design-build or design-sequencing procurement may be combined to include design, right of way, and construction support and construction.
- m. If a project or project phase is ready for implementation earlier than the fiscal year that it is programmed, Caltrans may request an allocation in advance of the programmed year. The Commission may make an allocation in advance of the programmed year if it finds that the allocation will not delay availability of funding for other projects.

39. Allocation of Right of Way Capital

Pursuant to Commission Resolution G-19-01, the Commission delegated authority to Caltrans for sub-allocations and/or adjustment authority to streamline and help in the management of right of capital. Annually, Caltrans will present for Commission review and acceptance a Right of Way Capital Plan. Only programmed projects may be included in the Right of Way Capital Plan. The annual right of way capital allocation will not exceed the amount programmed for capital project costs. Unprogrammed right of way

commitments such as post-certification costs and inverse condemnation are funded through the right of way capital fund reservation established in the STIP Fund Estimate.

Prior to the approval of the environmental document, Caltrans is restricted from right of way expenditures with exception of the following activities that may occur during the PA&ED phase:

- Permits to enter
- Environmental permit fees
- Positive location of utilities
- Agreements for Railroad Coordination
- Preliminary title fees

Commitments related to the items listed above are limited to five percent of the overall amount approved in the Fiscal Year Right of Way Capital Plan.

Starting with projects that are programmed with right of way capital for Fiscal Year 2019-20 or later, projects with right of way capital programming of \$10 million or more must receive Commission approval for project level allocations prior to expenditure of funds. If a project that initially falls below this threshold increases to an amount equal to or exceeding the threshold requirement, an individual project allocation will be required within two commission meetings of determining that the threshold will be exceeded. If a project is individually allocated and project development fees are expended prior to environmental clearance, those expenditures will be paid from Caltrans' sub-allocation.

Caltrans will provide the Commission with quarterly status reports on right of way capital plan expenditures. The report shall include a summary, by program, of the funds programmed, allocated, and expended. Changes to the allocation amounts for individual projects must be included in the quarterly report. Any project identified by Caltrans as needing right of way capital after the Commission acceptance of the Right of Way Capital Plan will need to be reported in the quarterly report, including information on how the additional right of way costs will be managed.

40. Allocation of Alternative Delivery Method Projects

For Construction Manager / General Contractor projects, the Construction Manager contract costs during the design phase are considered design phase expenditures. Upon award of the construction contract, the contractor shifts to the General Contractor role, and expenditures will be reported as construction phase expenditures. The project will be allocated in the same manner as projects utilizing design-bid-build delivery, although flexibility in schedule, scope and cost may be requested and approved consistent with allocation and programming capacity, and timely use of funds rules.

If a Construction Manager / General Contractor project is divided into separate work packages for delivery, a list of the anticipated work packages

and their delivery year must accompany the initial construction allocation request. Subsequent construction allocations must provide an updated list of the remaining anticipated work packages. To allow greater flexibility in the delivery of Construction Manager/General Contractor projects, the Commission will consider an amendment to segregate the project in the year of delivery into work packages.

For Design-Build projects, the allocation for the Plans Specifications and Estimate phase may be used to fund up to 30 percent of the Plans Specifications and Estimate effort, the right of way requirement determination, and the development of the Request for Qualifications and Request for Proposal. Contingency projects using the Design-Build delivery method should be fully funded before the Request for Qualifications is released. A construction support and construction capital allocation must be approved before releasing the Request for Proposal to short-listed Design-Build proposers. After approval of the Design-Build contract, the Design-Builder's design costs are funded by the construction capital allocation. Caltrans' oversight of the Design-Builder's design is funded by the construction support allocation.

41. Nondiscrimination

Caltrans assumes responsibility and accountability for the use and expenditure of program funds. Caltrans must comply with all relevant federal and state laws, regulations, policies, and procedures.

Caltrans will ensure that no person or group(s) of persons shall, on the grounds of race, color, national origin, sex, age, disability, limited English proficiency, or income status, be excluded, or otherwise subject to discrimination, related to projects programmed and allocated by the Commission, regardless of whether the programs and activities are federally funded. Caltrans will comply with all Federal and State statutes and implementing regulations relating to nondiscrimination.

A current list of current Title VI/nondiscrimination and related authorities is available on the Commission's website at: www.catc.ca.gov.

VII. MANAGEMENT & DELIVERY OF THE SHOPP

42. Scope, Cost, Schedule

Caltrans is responsible for managing the entire SHOPP portfolio of projects to meet the state's transportation needs and ensuring that each project is delivered within scope, budget, schedule, and outputs consistent with the Transportation Asset Management Plan and State Highway System Management Plan.

43. Management of Reservation Projects

Reservations established at Commission SHOPP adoption are managed on a fiscal year basis, where projects approved by the Commission for amendment in the SHOPP reduce the reservation amount. An increase or

decrease to a reservation amount between programming cycles requires Commission action.

44. Management of Minor Projects

Pursuant to Commission Resolution G-19-05a, minor projects are managed on a fiscal year basis within a financially constrained annual minor program reservation. Caltrans is responsible for managing within the Commission approved annual minor reservation and assuring that all minor projects are awarded within the approved reservation by the conclusion of each fiscal year.

45. Stewardship

It is a Commission policy that all transportation funds programmed be allocated, awarded, and expended in a timely manner to ensure projects are delivered as promised, public benefits are achieved, the accumulation of excessive fund balances as well as lapsing federal funds are avoided, and performance from each dollar invested to improve California's transportation system is tracked and reported.

46. Timely Use of Funds for PA&ED, PS&E, and Construction Support Phases

The following requirements apply to timely use of funds allocated by the Commission for SHOPP PA&ED, PS&E, and Construction support phases:

- a. Funds that are programmed for these support costs are available for allocation only until the end of the fiscal year identified in the SHOPP. Whenever programmed funds are not allocated by this deadline, the project phase lapses and the phase will be deleted from the SHOPP, unless Caltrans requests an allocation time extension that is approved by the Commission before the end of the programmed fiscal year. If the lapsed phase is critical to the delivery of the project, the project is considered a failed project and all unallocated phases will be de-programmed from the SHOPP. Work on an allocated phase may continue.
- b. Funds allocated for the PA&ED and PS&E support phases must initiate expenditure within six months of the date of allocation unless the Commission approves a project expenditure time extension. Whenever allocated support funds have not initiated expenditure by the deadline, the allocated funds will be rescinded, and a new allocation request must be submitted to the Commission for approval.
- c. After the Commission's allocation for the PA&ED and PS&E phases, Caltrans has up to 36 months to complete the scope of work specific to that project phase. At the time of allocation, the Commission may extend the deadline for completion of work and the expenditure of funds, if necessary, to accommodate the proposed expenditure plan for the project.
- d. Funds allocated for construction support must initiate expenditure within

one month after the award of the contract or these allocated funds will be rescinded. Caltrans has up to 36 months after the award of the contract to complete the scope of work specific to that project phase. At the time of fund allocation, the Commission may extend the deadline for completion of work and the expenditure of funds, if necessary, to accommodate the proposed expenditure plan for the project. For the purpose of this section, the timely use of funds requirements for the construction support phase is considered complete at construction contract acceptance.

- e. Caltrans will provide a report at each Commission meeting on projects which have not started expending allocated support funds within four months of the date of the Commission's allocation.
- f. Programmed phases that have lapsed or been de-programmed, as well as allocated funds that are rescinded, shall be reported to the Commission at the next Commission meeting.

47. Timely Use of Funds for Right of Way Support and Capital

The following requirements apply to timely use of funds allocated by the Commission for SHOPP right of way support and capital costs:

- a. Funds that are programmed for Caltrans' right of way support and capital costs are available for allocation only until the end of the fiscal year identified in the SHOPP. Whenever programmed funds are not allocated by this deadline, the project phase lapses and the phase will be deleted from the SHOPP, unless Caltrans requests an allocation time extension that is approved by the Commission before the end of the programmed fiscal year. If the lapsed phase is critical to the delivery of the project, the project is considered a failed project and all unallocated phases will be de-programmed from the SHOPP. Work on an allocated phase may continue.
- b. Funds allocated for right of way support and capital must initiate expenditure within six months of the date of allocation unless the Commission approves a project expenditure time extension. Whenever allocated right of way support or capital funds have not initiated expenditure by the deadline, the allocated funds will be rescinded and a new allocation request must be submitted for Commission approval.
- c. Right of way activities occur during the design and construction phases. To allow sufficient time for completion of work during these two phases, after the Commission's allocation for right of way support or capital, Caltrans has up to 72 months to complete the scope of work specific to that project phase. The Right of Way phase is deemed complete when the construction contract is complete (accepted). This policy applies to right of way support or capital allocations that have occurred beginning with June 2017.
- d. At the time of allocation, the Commission may extend the deadline for completion of work and the expenditure of funds, if necessary, to

accommodate the proposed expenditure plan for the project. Caltrans must submit justification for an extended timeline beyond the 72 months.

- e. Caltrans will provide a report at each Commission meeting on projects which have not started expending allocated support or capital funds within four months of the date of the Commission's allocation.
- f. Programmed phases that have lapsed or been de-programmed, as well as allocated funds that are rescinded, shall be reported to the Commission at the next Commission meeting.

48. Timely Use of Funds for Construction Capital

The following requirements apply to timely use of construction capital funds allocated by the Commission for SHOPP projects:

- a. Funds programmed for Caltrans' construction capital costs are available for allocation only until the end of the fiscal year identified in the SHOPP. Whenever programmed funds are not allocated by this deadline, the project is considered a failed project and will be deleted from the SHOPP, unless the Commission approves an allocation time extension before the end of the programmed fiscal year.
- b. Funds allocated for construction capital must be encumbered by the award of a construction contract within six months of the date of allocation unless the Commission approves a contract award time extension. The project will be deleted from the SHOPP if funds are not encumbered within approved deadlines.
- c. After the award of the construction contract, Caltrans has up to 36 months to complete (accept) the construction contract. At the time of fund allocation, the Commission may extend the deadline for completion of work and the expenditure of funds, if necessary, to accommodate the proposed expenditure plan for the project. For the purpose of this section, the timely use of funds requirements for the construction capital phase is considered complete at construction contract acceptance.
- d. Whenever allocated funds are not encumbered by the award of a construction contract or expended within the deadlines specified in section (b) above, all unencumbered or unexpended funds from the allocation will be rescinded for that project.
- e. Caltrans will provide a report at each Commission meeting on projects which have not been awarded within four months of the date of the Commission's allocation.
- f. Programmed phases that have lapsed or been de-programmed, as well as allocated funds that are rescinded, shall be reported to the Commission at the next Commission meeting.

49. Timely Use of Funds – Extension

- a. Where a programmed project or project phase will not be ready for

allocation as programmed in the current fiscal year, Caltrans shall request an extension of the allocation deadline. Pursuant to Section 52 of these Guidelines, Caltrans is prohibited from submitting a SHOPP amendment for a programmed project or project phase that is programmed in the current fiscal year.

- b. Acceptable time extensions are identified as:
- Allocation Time Extension – An extension of the allowable time for a phase to be allocated beyond the end of the fiscal year in which the phase is programmed.
 - SHOPP Pre-Construction Completion Time Extension – An extension of the allowable time for a pre-construction phase (PA&ED, PS&E, or Right of Way Support) to complete expenditures beyond the required 36 months or longer as approved at the time of allocation.
 - Contract Award Time Extension – An extension of the allowable time to award the construction contract beyond the required six months.
 - SHOPP Construction Completion Time Extension – An extension of the allowable time to complete the construction contract beyond the required 36 months or longer as approved at the time of allocation. Approval of a SHOPP Construction Completion Time Extension shall serve as approval to extend both Construction Capital and Construction Support.
- c. The Commission may allow a one-time extension of up to 20-months for unforeseen and extraordinary circumstance beyond the control of Caltrans and only for the period of delay directly attributable to the extraordinary circumstance.
- d. Except for the allocation of funds and the award of a construction contract, the request to extend the deadline for any of the above must be approved by the Commission prior to the expiration date, otherwise the funds will lapse. For allocation of funds, the time extension must be approved by the Commission by June 30th of the year the funds are programmed, otherwise the funds will lapse. For the award of the construction contract, the time extension must be approved by the Commission within one Commission meeting after expiration, otherwise the funds will lapse.
- e. The extension request should describe the specific circumstances that justify the extension and identify the delay directly attributable to that circumstance.

VIII. CHANGE MANAGEMENT

50. Introduction

During the project development process, changes to a programmed project

might be necessary to update project phases and to realign a project to meet its objectives and goals. Caltrans is responsible for adjusting and managing project programming changes efficiently. Depending on the circumstance, Caltrans has a number of options available that include: managing each SHOPP project within its delegated authority or allocation, updating the programmed cost through project amendments, and supplemental allocations.

- a. Supplemental Allocations. Once allocated, projects that experience increases in capital or support costs above the amounts allocated and above Commission delegated thresholds established in Resolution G-19-12 shall require a supplemental project allocation. Caltrans shall, for each project requiring a supplemental project allocation, submit a detailed request to the Commission for its approval.
- b. No adjustments to support or construction capital will be made by Caltrans beyond the authority delegated by Commission Resolution G-19-12.
- c. Changes to programmed project outputs and project description, and postmile changes of 0.1 mile or greater must be approved by the Commission.
- d. The Commission will not amend the SHOPP to change the program year of the funding or the funding amount for any project phase programmed in the current fiscal year except to reprogram funds from a construction project to later mitigation work required for that project, including landscaping or mitigation. These types of amendments are adjustments that may be incorporated into the Commission's allocation action.

51. Managing Within the Commission's Delegated Authority

Pursuant to the Commission Resolution G-19-12, the Caltrans Director is delegated authority to increase the Commission-approved project phase values within pre-established thresholds.

52. Changes via Commission Amendment

Consistent with the Transportation Asset Management Plan and the State Highway System Management Plan, any programmed, unallocated project phase may be updated before the programmed fiscal year of that phase via an amendment request. Except for updates necessary at the end of the PA&ED or PS&E phases, only updates for unforeseen and extraordinary circumstances beyond the reasonable control of Caltrans will be considered. A Commission action is needed to amend the project. The Commission encourages Caltrans to implement and recommend procedures that streamline the amendment process and enhance accountability.

Contingency projects may be amended during the year of delivery to program previously unauthorized construction funds. When a contingency project is converted to a fully programmed project during the year of delivery,

the programmed amounts must match the amounts that were approved in the latest adopted SHOPP document and subsequent amendments.

53. Changes to Projects in the SHOPP Document

Every two years, with the adoption of the new SHOPP document, project components listed in the SHOPP must be updated, consistent with the TAMP and SHSMP, with its most current estimate so long as that component has not received an allocation of funds. Once allocated, the component must be managed by Caltrans consistent with Commission Resolution G-19-12 parameters. Any project component that has expended its allocation plus its G-19-12 authority must receive a supplemental allocation of funds from the Commission. Caltrans is responsible for implementing a change management process to manage and document the SHOPP cycle changes internally. These SHOPP changes must be identified, documented, and finalized by January of each even year in order to be included in the adopted SHOPP.

54. Pre-Apprenticeship Training Program

Pursuant to Streets and Highway Code Section 2038, by July 1, 2023, the California Department of Transportation when receiving Road Maintenance and Rehabilitation Account funds must follow the guidelines developed by the California Workforce Development Board that address participation and investment in, or partnership with, new or existing pre-apprenticeship training programs.

IX. REPORTING & ACCOUNTABILITY

55. SB 1 SHOPP Baseline Agreements

The Road Repair and Accountability Act of 2017 (Senate Bill 1, Chapter 5, Statutes of 2017) 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.” Pursuant to the Commission-adopted SB 1 Accountability and Transparency Guidelines, SHOPP projects that meet certain requirements will be subject to the following: front-end, in-progress, and follow-up accountability requirements. For additional details related to accountability requirements, refer to the Commission’s SB 1 Accountability and Transparency Guidelines.

- a. SB 1 SHOPP Baseline Agreements are required for projects with a total project cost of \$50 million or greater adopted in the SHOPP and subsequent program amendments and adoptions. This requirement is retroactive to July 1, 2018.
- b. If a project that initially falls below the threshold listed above later increases to an amount equal to or exceeds the threshold requirements, an SB 1 SHOPP Baseline Agreement will be required within six months of when the change is approved by the Commission.

- c. Each Baseline Agreement shall be signed by the District Director, the Department's Director, and the Commission's Executive Director.
- d. In accordance with the SB 1 Accountability and Transparency Guidelines, the Department shall request the Commission to approve all SB 1 SHOPP Baseline Agreements at a regular Commission meeting, within six months after a project has achieved the PA&ED milestone.
- e. SB 1 SHOPP Baseline Agreements will not be required for SHOPP Emergency Response projects that are necessary to respond promptly to damages to the state highway system caused by floods, slides, earthquakes, fires, and other significant events.

56. Report on Targets and Performance Measures

- a. Pursuant to Government Code Section 14526.7(b) and Streets and Highways Code 2032.5, Caltrans shall report annually to the Commission on its progress toward meeting the targets and performance measures consistent with the Transportation Asset Management Plan and 2027 targets set forth in SB 1. Caltrans will provide the Commission with the report no later than June 1 of each fiscal year.
- b. Annually, the Commission shall evaluate the effectiveness of Caltrans in reducing deferred maintenance and improving road conditions on the state highway system, as demonstrated by the progress made in achieving 2027 targets/goals set forth in SB 1 and the Commission's adopted targets.
- c. The Commission may make recommendations for improvement and may withhold future project allocations if it determines program funds are not being appropriately spent.
- d. The Commission shall include any findings in its annual report to the Legislature pursuant to Government Code Section 14535.

57. Report on SHOPP Projects

Caltrans will provide the Commission with quarterly status reports on its project delivery by November 15, February 15, May 15, and August 15 of each fiscal year.

Pursuant to Government Code Section 14526.6 Caltrans shall report to the Commission quarterly, for projects which complete construction in the previous quarter, for all major SHOPP projects. The report shall include a list of completed projects with the following information:

- a. Project identifier.
- b. The location and type of work.
- c. By phase, the funds initially programmed, allocated, and expended.
- d. Planned project outputs at programming, construction allocation, and actual outputs at the time the construction contract was accepted.

- e. Date construction contract was accepted (CCA).
- f. Useful life of the project's primary output.
- g. Additionally, the report shall include a section that provides a narrative for projects with a change in project outputs between construction allocation and CCA that explains reasons for the change and any costs associated with the change.

58. Efficiencies

Pursuant to Streets and Highways Code section 2032.5(d), Caltrans shall implement efficiency measures with the goal to generate at least \$100 million per year in savings to invest in maintenance and rehabilitation of the state highway system. These savings shall be reported annually, in writing, to the Commission by November 1st.

X. APPENDICES

59. Appendix A: Index of Acronyms

CEQA	California Environmental Quality Act (State)
CTIPS	California Transportation Improvement Program System
FSTIP	Federal Statewide Transportation Improvement Program
FTIP	Federal Transportation Improvement Program
GARVEE...	Grant Anticipation Revenue Vehicle
NEPA.....	National Environmental Policy Act (Federal)
PA&ED	Project Approval and Environmental Document
PS&E.....	Plans, Specifications, and Estimate
RTL.....	Ready to List
SB.....	Senate Bill
SHOPP.....	State Highway Operation and Protection Program
STIP	State Transportation Improvement Program
TAMP	Transportation Asset Management Plan

60. Appendix B: Statutory References

The SHOPP Guidelines were developed and adopted consistent with:

- a. Governor's Executive Orders, where applicable.
- b. Government Code Sections 14526.4, 14526.6; 14526.5, 14526.7.
- c. Streets and Highways Code Sections 164.6 and 167.
- d. Public Resources Code Section 21102
- e. The Road Repair and Accountability Act of 2017, SB 1, (Beall, Chapter 5, Statutes of 2017);
- f. Commission Resolutions including, but not limited to: G-00-13, G-19-01, G-19-05a, G-06-13, G-21-11, and G-19-12.
- g. Commission approved actions specific to the Asset Management Plan on March 26, 2015 (Tab 26) regarding four asset classes.
- h. Current best management practices including those related to the STIP and its authorities in accordance with Government Code Section 14530.1.
- i. Compliance with all Federal and State requirements.