

CALIFORNIA TRANSPORTATION COMMISSION
Guidelines for
Toll Facility Project Applications
March 16, 2016

Authority and Purpose

The Legislature passed and Governor Brown signed into law Chapter 687, statutes of 2015 (Assembly Bill or AB 194), delegating to the California Transportation Commission (Commission) the legislative responsibility to approve the tolling of transportation facilities in California. Before 2016, tolling authority was typically granted only through legislation specifically authorizing some entity to implement the tolled facility.

Specifically, Section 149.7 of the California Streets and Highways Code, as amended by AB 194, authorizes regional transportation agencies or the California Department of Transportation (Caltrans) to apply to the Commission to develop and operate high-occupancy toll lanes or other toll facilities, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit or freight. Applications for the development and operation of toll facilities are subject to review and approval by the Commission pursuant to criteria set forth in guidelines established by the Commission. Prior to approving an application, the Commission will conduct at least one public hearing at or near the proposed toll facility for the purpose of receiving public comment. Upon approval of an application, the regional transportation agencies or Caltrans may develop and operate the proposed toll facility, subject to the minimum requirements defined in statute.

The purpose of these guidelines is to set forth the Commission's policy for carrying out its role in implementing AB 194 and to assist the regional transportation agencies and Caltrans when contemplating an application to the Commission for approval to develop and operate high-occupancy toll lanes or other toll facilities. This Commission policy is not a regulation and should not be construed as imposing any requirement or imposing any deadline on any agency. References to timeframes in this guidance are statements of Commission intent and not deadlines or restrictions for either the Commission itself or for other agencies. Further, references to the contents of submittals from other agencies are statements of what the Commission expects that it will need in order to carry out its own responsibilities for project approval.

Timing of Application

No two projects seeking approval will be the same, therefore the Commission recognizes that the timing of application submission may vary. However, the Commission expects that the

project in any submitted application will be far enough through the development process to fulfill the minimum criteria identified in AB 194. For example, the project should be developed enough for the application to include quantifiable evidence of the corridor performance improvement to be provided from the toll facility, a project initiation document, and a realistic and comprehensive funding plan for the project.

Applicants are encouraged to discuss developing proposals with the Commission prior to submittal. Commission staff will work with applicants to help inform the nature of what information to include in the application in order to comprehensively address the requirements set forth in these guidelines.

The Commission does not intend to unduly delay any project through the application process. Therefore, upon receipt of a toll facility application, the Commission will do its best to place the application on its agenda when the Commission office receives the application at least 45 days prior to the meeting. This commitment is not a guarantee but a statement of intention, and may vary based on many factors, such as the complexity or completeness of the application, the need for additional review by outside consultants, or the timing of the next Commission meeting.

Reimbursement Contract

At the time of application submission, regional transportation agency applicants must submit a signed agreement to reimburse the Commission for the Commission's costs and expenses incurred in processing the application, as required by AB 194. The Commission will include in the agreement an hourly rate to cover all costs attributable to processing the application. The Commission expects the cost to be at a minimum \$15,000 and not to exceed \$100,000, depending on the complexity of the application. Further, the applicant will be notified of consultant service costs required for reimbursement should the Commission determine technical expertise is required.

Given that the State Administrative manual requires state agencies to recover the full cost of providing services, the Commission expects that Caltrans will submit a signed agreement to reimburse the Commission for any consultant costs necessary to evaluate a Caltrans application.

Complete Funding Plan

AB 194 requires demonstration that a complete funding plan has been prepared for any proposed toll facility project. The Commission interprets this to mean that all funding sources are identified and the applicant has a plan for securing these funds. A complete funding plan does not mean that all financing has been secured, as it is possible some financing sources may not be available until the project sponsor has authority to develop and operate the toll facility, which is granted only upon approval by the Commission.

Review and Approval of an Expenditure Plan

According to AB 194, the revenue generated from the operation of a toll facility shall be available to the sponsoring agency in this order: (1) for direct expenses related to any debt issued to construct, repair, rehabilitate, or reconstruct the toll facility, (2) for the development, maintenance, repair, rehabilitation, improvement, reconstruction, administration, and operation of the toll facility, including toll collection and enforcement, and (3) reserves for the first two identified purposes. All remaining revenue generated by the toll facility shall be used in the corridor from which the revenue was generated pursuant to an expenditure plan developed by the sponsoring agency.

AB 194 requires the Commission to review and approve the expenditure plan and any updates for a toll facility sponsored by Caltrans. The Commission expects that, if possible, the expenditure plan for excess revenues from a toll facility sponsored by Caltrans will be submitted to the Commission in conjunction with submittal of a Caltrans application. If, however, Caltrans is unable to submit the expenditure plan at the time of application, the Commission expects the application to include a thorough discussion of Caltrans' framework and expectations related to the expenditure of excess revenues. Since AB 194 requires the Commission to approve the Caltrans expenditure plan before Caltrans can implement the project, Caltrans must submit the plan when ready and the Commission will consider approval of the proposed plan at the next regularly scheduled meeting.

For a toll facility sponsored by a regional transportation agency, the governing board of the regional transportation agency will review and approve the expenditure plan and any updates.

Evaluation of Project Eligibility

Once a reimbursement contract is in place, the Commission will review and evaluate each application. The Commission may obtain professional opinions from necessary experts in the evaluation of the detailed application. For example, consultation and opinions could be obtained from expert engineers, accountants, and attorneys as applicable.

Project applications should include documentation to support the development and operation of high-occupancy toll lanes or other toll facilities, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit or freight.

The criteria set forth below will be considered by the Commission in determining whether the Commission should approve a toll facility project application submitted in accordance with AB 194. Applications that do not satisfactorily address the identified criteria will be considered incomplete and will not be recommended for approval.

Minimum Eligibility Criteria

The Commission must find, at a minimum, that the criteria identified in AB 194 are met. Therefore, every application should clearly discuss how it meets the following minimum criteria:

- (1) A demonstration that the proposed toll facility will improve the corridor's performance by, for example, increasing passenger throughput or reducing delays for freight shipments and travelers, especially those traveling by carpool, vanpool, and transit.
- (2) A requirement that the proposed toll facility is contained in the constrained portion of a conforming regional transportation plan prepared pursuant to Section 65080 of the Government Code.
- (3) For projects involving the state highway system, evidence of cooperation between the applicable regional transportation agency and Caltrans. Examples of acceptable evidence of cooperation could be in the form of a completed cooperative agreement or a signed letter between the parties to demonstrate that the parties are working cooperatively on the development of the toll facility.
- (4) A discussion of how the proposed toll facility meets the requirements of Streets and Highways Code Section 149.7.
- (5) A complete project initiation document for the proposed toll facility.
- (6) A complete funding plan for development and operation of the toll facility.

Supporting Application Information

In evaluating applications, the Commission will consider all provided information to determine whether to approve the proposed toll facility. Accordingly, in conjunction with responding to the statutorily-defined minimum criteria, applicants are strongly encouraged to provide more information than that necessary to meet the minimum criteria. Whenever applicable and possible, applicants should attempt to address the following questions in order to provide valuable supplemental information for the Commission to consider. Applicants are free and encouraged to use information from any existing documents related to the proposed facility to the fullest extent possible.

Compliance with State Law

Has the applicant demonstrated that the proposed project is consistent with the established standards, requirements, and limitations that apply to the toll facilities in Section 149.7 of the Streets and Highways Code as well as all other applicable sections of state law?

System Compatibility

If on the state system, has the applicant demonstrated that the project is consistent with State Highway System requirements? Does this project propose improvements that are compatible with the present and planned transportation system? Does the project provide continuity with existing and planned state and local facilities?

Corridor Improvement

AB 194 specified the Legislature's intent that highway tolling should be employed for the purpose of optimizing the performance of the transportation system on a transportation corridor and should not be employed strictly as a revenue generating facility. With that in mind, has the applicant provided compelling evidence that demonstrates that the proposed toll facility will significantly improve the corridor's performance?

Technical Feasibility

Project Definition – Has the applicant described the proposed facility in sufficient detail to determine the type and size of the project, the location, all proposed interconnections with other transportation facilities, the communities that may be affected, and alternatives (e.g. alignments) that may need to be evaluated?

Proposed Project Timeline – Is the time frame for project completion clearly outlined? Is the proposed schedule reasonable given the scope and complexity of the project? Does the proposal contain adequate assurances that the project will be completed on time?

Operation – Has the applicant presented a reasonable statement setting forth plans for operation of the facility?

Federal Involvement – Is the project outside the purview of federal oversight, or will it require some level of federal involvement due to its location on the National Highway System or Federal Interstate System or because federal permits are required? If so, has the applicant provided a reasonable plan for addressing all federal responsibilities?

Maintenance – Is there a process in place to clearly define assumptions and responsibilities during the operational phase including law enforcement, toll collection, and maintenance?

Financial Feasibility

Funding Plan – Is the funding plan built on a reasonable basis for funding project development and operations? For example, are the assumptions on which the plan is based well defined and reasonable in nature? Are the plan's risk factors identified and dealt with sufficiently? Are the planned sources of funding and financing realistic? Has the applicant demonstrated evidence of its ability to obtain the necessary financing? Does the applicant have the ability to fund shortfalls if revenues do not meet projections?

Expenditure Plan for Excess Revenues – If an expenditure plan for excess revenues has not yet been adopted by the appropriate governing entity, has the applicant included a discussion of its intentions for revenues collected beyond those necessary for any debt service, operations, and reserved as defined in AB 194?

Regional Transportation Plan & Community Support

Consistency with Existing Plans – Is the project consistent with the regional transportation plan and affected city and county comprehensive plans? If not, does the applicant discuss strategies that may help achieve consistency with such plans when possible or practicable?

Consideration of Impacts – Does the applicant explicitly consider the potential diversions of vehicles onto adjacent routes that could lead to congestion, safety problems, and infrastructure damage due to the imposition of tolls on particular facilities?

Fulfilling Policies and Goals – In what ways does the proposed project help achieve performance, safety, mobility, economic, or transportation demand management goals?

Environmental Considerations – Is the proposed project consistent with applicable state and federal environmental statutes and regulations? Does the proposal adequately address or improve air quality and other environmental concerns?

Community/Stakeholder Support – What is the extent of support or opposition for the project? Does the project proposal demonstrate an understanding of the national and regional transportation issues and needs, as well as the impacts this project may have on those needs? Is there a demonstrated ability to work with the affected communities?

Public Hearings & Final Approval/Rejection

AB 194 requires that, prior to approving an application, the Commission conduct at least one public hearing at or near the proposed toll facility for the purpose of receiving public comment.

Upon final evaluation of the project application against the eligibility criteria, and after the required public hearing, the Commission will approve or reject the application. If the Commission approves an application, it will do so through the adoption of a resolution at a regularly scheduled Commission meeting.

Report to the Legislature

Annually the Commission, in cooperation with the Legislative Analyst, is statutorily required to report to the Legislature on the progress of the development and operation of each toll facility approved under these guidelines. To inform the Commission's Annual Report to the Legislature due December 15th, the Commission expects an annual report from every sponsoring agency describing the progress of each approved toll facility no later than October 1st of each year. In order to facilitate thorough reporting, at a minimum, this report should include a discussion of the following:

- (A) A progress report for the project.
- (B) A comparison of the project baseline budget and the current or projected budget.
- (C) A comparison of the current or projected schedule and the baseline schedule.

(D) If construction is complete and operations have begun, a discussion of the operations of the facility and how actual performance compares to the project's original expected performance.

(E) A discussion of any other issues identified and actions taken to address those issues.

Projects Requiring Future Commission Actions

Section 149.7 does not modify nor does this guidance address the Commission's authority to program and allocate state funds. No application approval in accordance with AB 194 or these guidelines can be considered as binding the Commission to take any programming or allocating action in the future in relation to any application.

Specifically, the Commission's approval of a toll facility project application does not in and of itself create a new commitment of state transportation revenues or create an undue risk to state transportation revenues committed to other projects.

Project Changes after Approval

After the Commission has approved a project, it will have no further role in reviewing or approving changes to the project except at the request of the sponsor agency. If Caltrans or the regional transportation agency finds it necessary or appropriate to make changes to the toll facility project after approval, the Commission expects that the agency will request approval of the change by submitting a supplement to the project application setting forth a description of the change and the reasons for it. A change approval request is only necessary if the change substantially alters the scope, schedule, or terms of the approved project. The Commission will approve the change if it finds that the revised project meets the evaluation criteria set forth in this guidance.