

**REPLACEMENT
ATTACHMENT A**
Reference 4.18
August 18-19, 2021



CALIFORNIA TRANSPORTATION COMMISSION

**Proposition 1B Highway Safety, Traffic Reduction, Air Quality
and Port Security Bond Act of 2006**

**Semi-Annual Status Report
June 30, 2021**

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CALIFORNIA TRANSPORTATION COMMISSION

Proposition 1B Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006

Semi-Annual Status Report June 30, 2021

BACKGROUND

The Proposition 1B Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 (Proposition 1B), approved by the voters in November 2006, authorized the issuance of \$19.925 billion in state general obligation bonds with \$12.025 billion to be programmed and allocated by the California Transportation Commission (Commission) for 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 include the Corridor Mobility Improvement Account; State Route 99 Corridor Account; Trade Corridors Improvement Fund; State-Local Partnership Program; Local Bridge Seismic Retrofit Account; Highway-Railroad Crossing Safety Account; Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA); Traffic Light Synchronization Program; and the augmentation of the existing State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP) (collectively Proposition 1B Programs). Consistent with the requirements of Proposition 1B, and except for the PTMISEA, the Commission programs and allocates bond funds in each of the above-mentioned programs.

CLOSE-OUT PHASE

As of June 30, 2021, the Commission allocated \$12.234 billion of the \$12.475 billion in bond funds programmed under its purview. With almost all Proposition 1B funds allocated, and most of the allocated projects either constructed or finishing construction, the Commission continues to monitor progress of the projects through the close-out phase of the program. As projects are completed, the Commission is working with Caltrans and project sponsors to determine the degree to which benefits identified at the time of programming have been achieved. Although, for many of the projects the benefits will not be immediately identifiable, the Commission will continue to monitor and require that project sponsors report the benefits achieved over time. In addition, the Commission continues to consult with Caltrans to ensure that the annual Caltrans audit plan encompasses bond funded projects. For Fiscal Year (FY) 2020-21, the Commission approved close-out policies for two programs, the Traffic Light Synchronization Program and the Highway- Railroad Crossing Safety Account Program. The Commission continues to monitor the other programs that have remaining funding to determine how to best utilize these funds in order to proceed with closing the programs. Status reports for Proposition 1B programs and projects can be

found at: <http://www.bondaccountability.dot.ca.gov/bondacc/>
and at: <https://dot.ca.gov/programs/financial-programming/>

PROGRAM SPECIFIC UPDATES

Corridor Mobility Improvement Account

Proposition 1B authorized \$4.5 billion in general obligation bond proceeds to be deposited in the Corridor Mobility Improvement Account (CMIA). Funds in the CMIA 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 high-congested travel corridors.

As of June 30, 2021, the Commission has allocated \$4.477 billion to 129 CMIA projects. The remaining \$23 million of Corridor Mobility Improvement Account funding has been reserved for bond program administration costs. In FY 2020-21, two additional projects were completed.

Of the 129 allocated projects, 125 projects totaling \$4.259 billion are complete and four projects totaling \$218 million are under construction.

Table 1 provides a summary of CMIA allocated projects, projects completed, and active projects.

State Route 99 Corridor Account

Proposition 1B authorized \$1 billion in general obligation bond proceeds to be deposited in the State Route 99 (SR-99) Account. Funds in the SR-99 Account may be used for safety, operational enhancement, rehabilitation, or capacity improvement projects on the SR-99 corridor. The corridor traverses approximately 400 miles of the state's central valley. The Commission programmed 26 State Route 99 corridor projects. Some of the corridor projects are constructed in stages, thus resulting in 33 individual project segments.

As of June 30, 2021, the Commission has allocated nearly \$977 million to 33 State Route 99 project segments. Of the 33 allocated projects, 28 projects totaling \$910 million are complete and five project segments totaling \$30 million are under construction or will soon begin construction. In FY 2020-21, no additional projects were completed.

Table 1 provides a summary of SR-99 allocated projects, projects completed, and active projects.

Trade Corridors Improvement Fund

Proposition 1B authorized \$2 billion in general obligation bond proceeds to be deposited in the Trade Corridors Improvement Fund (TCIF). Funds in the TCIF 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. TCIF 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; for 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 that the Commission allocate funds on projects that improve trade corridor mobility while reducing diesel particulate and other pollutant emissions.

The Commission proposed a strategy to increase TCIF funding by moving \$500 million from the State Highway Account (via the SHOPP Program) to fund State-level priorities that are critical to goods movement. This strategy was subsequently codified in AB 268 (Committee on Budget, Chapter 756, Statutes of 2008). Pursuant to this action, the final target available for TCIF programming was set at \$2.450 billion.

As of June 30, 2021, 135 projects have been programmed in the TCIF program totaling \$2.44 billion, exhausting the available TCIF programming capacity.

Some of the corridor projects are constructed in stages, thus resulting in 134 individual project segments. The Commission has allocated nearly \$2.428 billion to 134 project segments. Of the 134 allocated projects, 109 projects totaling \$1.73 billion are complete and 24 projects totaling \$685 million are under construction. One project programmed at \$18 million remains unallocated. In FY 2020-21, 11 projects totaling \$324 million were completed.

The Close-Out Policy adopted by the Commission in May 2019 redirects all project savings to the Trade Corridor Enhancement Program.

Table 1 provides a summary of TCIF allocated projects, projects completed, and active projects.

Traffic Light Synchronization Program

Proposition 1B authorized \$250 million in general obligation bond proceeds for the Traffic Light Synchronization Program (TLSP). The TLSP is a program for traffic light synchronization or other technology-based improvements to safely operate and effectively manage capacity of local streets and roads.

SB 88 (Chapter 181, Statutes of 2007) directed that \$150 million from the TLSP be allocated to the City of Los Angeles for upgrading and installing traffic signal synchronization within its jurisdiction. SB 88 also designated the Commission as the administrative agency responsible for adopting guidelines and programming funds for the TLSP program. Of the \$250 million of TLSP funding, \$5 million is reserved for bond program administration costs, setting the amount available for TLSP programming at \$245 million.

The Commission originally 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 TLSP projects. A total of \$227.13 million was allocated to 81 TLSP projects leaving \$17.87 million unallocated.

Nearly \$22.2 million in savings has been deallocated, \$18.3 million from City of Los Angeles projects and \$3.9 million from agencies other than the City of Los Angeles. No additional cost savings are expected.

In December 2020, the Commission approved a Close-Out Policy that specified the provisions to close out the TLSP Program. The Commission programmed the remaining \$22.2 million to two projects in the City of Los Angeles. The Close-Out Policy requires the funds be allocated for both projects by December 31, 2021.

As of June 30, 2021, the Commission has allocated \$245 million to 83 TLSP projects. Of the 83 projects allocated, 81 projects totaling \$223 million are complete, and two projects totaling \$22 million are under construction. In FY 2020-21, no additional projects were completed.

Table 1 provides a summary of TLSP allocated projects, projects completed, and active projects.

Highway-Railroad Crossing Safety Account

Proposition 1B authorized \$250 million in general obligation bond proceeds for the Highway-Railroad Crossing Safety Account (HRCSA) program to fund the completion of high-priority grade separation and railroad crossing safety improvements.

The HRCSA program is subject to the provisions of Government Code Section 8879.23 (j) which divides the HRCSA program funding into two parts as follows:

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

Since 2008 the HRCSA program has gone through five two-year programming cycles. As projects are completed and final expenditures are recorded, program savings are recycled.

As of June 30, 2021, the Commission has allocated \$242 million to 38 HRCSA projects. Of the 38 projects allocated, 36 projects totaling \$221.2 million are complete and two projects totaling \$21 million are under construction.

In June 2021, the Commission approved a close-out policy for the Highway-Railroad Crossing Safety Account program and programmed the available funds of \$2.8 million to the McKinley Street Grade Crossing Separation project in Riverside County. All remaining savings identified after June 30, 2021 will be redirected to the Section 190 Grade Separation Program.

Table 1 provides a summary of HRCSA allocated projects, projects completed, and active projects.

Public Transportation Modernization, Improvement, and Service Enhancement Account (Intercity Rail Improvement Program)

Proposition 1B authorized \$4 billion for the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Funds in the PTMISEA account are available for intercity rail projects; commuter or urban rail operators; bus operators; waterborne transit operators; and other transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus and rapid transit improvements, and rolling stock procurement and/or rehabilitation.

Of the \$4 billion authorized for the PTMISEA, \$3.6 billion is available for allocation by the State Controller in accordance with the following PUC distributions:

- 50 percent allocated by formula to local transit operators as specified in PUC Section 99314
- 50 percent allocated by formula to regional entities as specified in PUC Section 99313

Intercity Rail Improvement Program

The remaining \$400 million is available for programming and allocation by the Commission for intercity rail capital improvements. From the \$400 million, \$8 million is reserved for bond program administration costs, setting the amount available for intercity rail capital improvements programming at \$392 million.

As of June 30, 2021, the Commission has programmed a total of \$391.7 million to 33 intercity rail projects and allocated \$357.6 million to 29 projects. Of the 29 projects allocated, 19 projects totaling \$153.3 million are complete and 10 projects totaling \$204.2 million are under construction. Four projects remain unallocated.

Table 1 provides a summary of the PTMISEA Intercity Rail Program, by programmed projects, allocated projects, completed projects, and active projects.

Local Bridge Seismic Retrofit Account

Proposition 1B authorized \$125 million for the Local Bridge Seismic Retrofit Account (LBSRA). The LBSRA provides the 11.47% required match for the Federal Highway Bridge Program funds available to the state for seismic retrofit work on local bridges, ramps and overpasses, as identified by Caltrans.

Subsequent to the 1989 Loma Prieta earthquake, Caltrans identified 1,235 local bridges as needing seismic evaluation. In April 2007, Caltrans reported that the 479 remaining local bridges on the Local Bridge Seismic Retrofit Program (LBSRP) list were eligible to receive LBSRA funds as required match to their Federal Highway Bridge funds.

Caltrans updates the LBSRP list as projects progress through the delivery process. The list is updated on the federal fiscal year (FFY) basis since 88.53% of funds used to retrofit local bridges are Federal Highway Bridge Program funds. The current updated list stands at 374 bridges after bridges that were retrofitted with other funds or were found to be privately-owned were removed from the list. Commission allocated funds not sub-allocated by Caltrans by the end of the FFY revert to the LBSRA.

From the \$125 million authorized for LBSRP, \$2.5 million is reserved for bond administration.

As of June 30, 2021, of the \$125 million available, \$78 million has been sub-allocated to 337 bridges. Of the 374 bridges in the program, 320 bridges are complete and 54 bridges are incomplete. Of the 54 incomplete bridges, 20 bridges are in construction and 34 bridges have yet to move into construction. Table 1 provides a summary of the LBSRP allocated projects, projects completed, and projects that have not been completed.

State-Local Partnership Program Account

Proposition 1B authorized \$1 billion for the State-Local Partnership Program (SLPP) Account for allocation by the Commission over a five-year period to eligible transportation projects nominated by local transportation agencies. With \$19 million set aside for bond program administration, \$981 million was available for allocation over the five-year SLPP period that ended June 30, 2013.

During the five cycles, the Commission programmed 260 projects, and those projects received 279 allocations, fully allocating the \$981 million. Three of the projects with \$1.4 million in SLPP funds were removed by the respective agencies. The remaining 257 projects received 276 allocations that totaled \$979.6 million in SLPP funds.

Although nearly \$17 million in savings has been identified for projects that have been completed, by law no further allocations can be made from the SLPP Account. The Commission's role is now limited to project delivery and accountability.

As of June 30, 2021, the Commission has allocated \$981 million to 257 SLPP projects. Of the 257 allocated projects, 252 projects totaling \$851 million are complete and five projects totaling \$130 million are in construction.

Table 1 provides a summary of SLPP allocated projects, projects completed, and active projects.

State Transportation Improvement Program (STIP) Augmentation

Proposition 1B authorized \$2 billion in bond proceeds to augment the STIP. Through this augmentation, the Commission conducted a special STIP development cycle for the 2006 STIP in advance of the development of the 2008 STIP. The Commission's primary intent for augmenting the 2006 STIP was to advance the programming of funds for STIP projects so that projects were delivered prior to the adoption of the 2008 STIP, freeing up capacity to program additional projects. Thus, the Commission was able to provide an early opportunity for the regions to program new STIP projects with the added capacity created by the bond funds. Projects are tracked as part of the normal STIP process. The Commission allocated approximately \$1.96 billion to 87 STIP projects as part of the 2006 STIP Augmentation.

As of June 30, 2021, the Commission has allocated \$1.963 billion to 90 STIP projects. Of the 90 allocated projects, 88 projects totaling \$1.88 billion are complete and two projects totaling \$82 million are in construction. In FY 2020-21, no additional projects were completed.

State Highway Operation and Protection Program (SHOPP) Augmentation

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

As of June 30, 2021, the Commission has allocated \$500 million to 35 SHOPP projects. Of the 35 allocated projects, 34 projects totaling nearly \$436 million are complete, and one project totaling \$50 million is in construction. In FY 2020-21, no additional projects were completed.

ACCOUNTABILITY

Executive Order S-02-07, signed by Governor Arnold Schwarzenegger on January 24, 2007, significantly increased the Commission's responsibility for monitoring delivery of bond-funded projects. In response, the Commission developed and implemented an accountability plan, primarily focused on bond-funded projects delivery within the approved scope, cost and schedule.

In addition, on August 24, 2007, the Governor signed into law Proposition 1B clarifying legislation, Senate Bill (SB) 88, which designates the Commission as the administrative agency for the CMIA, SR99, TCIF, SLPP, TLSP, LBSRA, HRCSA, STIP Augmentation, and SHOPP Augmentation Proposition 1B programs. SB 88 imposes various requirements for the Commission relative to adopting guidelines, making allocations of bond funds, reporting on projects funded by the bond funds, and ensuring that the required bond project audits of expenditures and outcomes are performed.

A key element of the Commission's responsibility for accountability as an administrative agency for specific bond programs is submitting reports to the Department of Finance on a semi-annual basis. The purpose of these reports is to report whether projects are proceeding on schedule and within their estimated cost. As part of its Accountability Implementation Plan, the Commission requires bond fund recipients to report on a quarterly basis (beginning in 2019-20, the reports will be received on a semi-annual basis). These reports are reviewed by the Commission and posted on the Bond Accountability website.

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

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

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

Table 1

(\$ in millions)

Program	Authorized	Allocated Projects	Allocated Funds	Completed Projects	Expenditures to Date	Active Projects	Unallocated Project	Remaining Funds to Be Expended
CMIA	\$4,500	129	\$4,477	125	\$4,366	4	0	\$111
SR 99	\$1,000	33	\$977	28	\$947	5	0	\$30
TCIF (a)	\$2,450	134	\$2,428	109	\$1,875	24	1	\$553
TLSP	\$250	83	\$245	81	\$222	2	0	\$23
HRCSA	\$250	38	\$242	36	\$230	2	1	\$12
IRI	\$400	29	\$357	19	\$300	10	4	\$57
LBSRA	\$125	337	\$78	320	\$74	20	34	\$51
SLPP	\$1,000	257	\$981	252	\$947	5	0	\$34
STIP	\$2,000	90	\$1,963	88	\$1,881	2	0	\$82
SHOPP	\$500	35	\$486	34	\$428	1	0	\$58
Totals	\$12,475	1,165	\$12,234	1,092	\$11,270	75	40	\$1,011

Note: Individual numbers may not add to total due to independent rounding.

(a) The Authorized amount was augmented by \$450 million from the SHA, pursuant to AB 268.

- CMIA – Corridor Mobility Improvement Account
- SR 99 – State Route 99 Corridor Account
- TCIF – Trade Corridors Improvement Fund –
- TLSP – Traffic Light Synchronization Program
- HRCSA – Highway-Railroad Crossing Safety Account
- IRI – Intercity Rail Improvements Program
- LBSRA – Local Bridge Seismic Retrofit Account
- SLPP – State-Local Partnership Program
- STIP – State Transportation Improvement Program Augmentation
- SHOPP – State Highway Operation and Protection Program