

# Memorandum

TAB 24

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 29, 2014

PASSED BY



Reference No.: 4.22  
Action

From:   
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Executive Director

Subject: PROPOSITION 1B SAVINGS

## ISSUE:

Should the Commission adopt a policy for the use of accrued Proposition 1B bond savings?

## RECOMMENDATION:

Staff recommends that the Commission adopt the following policy for accrued Proposition 1B savings:

- Savings will be used to fund projects that provide new benefits to the traveling public.
- Savings will not be used to cover cost overruns on existing projects.
- Savings will be programmed and allocated to projects subject to individual Proposition 1B program requirements and existing Commission guidelines.
- Savings accrued in the State-Local Partnership Program (SLPP) are not eligible for redirection and therefore no action by the Commission will be taken.
- Savings accrued in the Corridor Mobility Improvement Account (CMIA) Program will be treated in the following manner:
  1. Savings will be exchanged with State Highway Account (SHA) funds originally allocated to State Transportation Improvement Program (STIP) projects that commenced construction prior to December 31, 2012.
  2. Exchanged SHA funds will be redirected to the State Highway Operation and Protection Program (SHOPP).
  3. Commission staff in cooperation with Caltrans staff will develop criteria for Commission approval at the March 2014 Commission meeting for selecting SHOPP projects to fund with the redirected SHA funds.
  4. An initial list of SHOPP projects will be adopted at the Commission's May 2014 Meeting.
  5. STIP county and interregional shares will not be affected by these post fact STIP de-allocation and reallocation actions that effectuate the exchanges of the CMIA and SHA funds.

**BACKGROUND:**

The Commission is responsible for the programming and allocation of \$11.625 Billion of Proposition 1B (Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, "Bond Act") bond program funds.

**State and Local Partnership Program**

The Bond Act provided SLPP funds totaling \$1.0 billion for programming and allocation by the Commission over a five-year period to eligible transportation projects. The five-year period ended on June 30, 2013.

**Corridor Mobility Improvement Account**

The Bond Act provided CMIA funds totaling \$4.5 billion for programming and allocation by the Commission to performance improvements on highly congested travel corridors in California. The Bond Act stipulates that a project can only be included in the program if the project can commence construction or implementation no later than December 31, 2012.

On December 10, 2009, the Commission adopted Supplement 2 to its CMIA and State Route 99 Accountability Implementation Plan to address CMIA and SR 99 project cost savings. At that time, the Commission re-affirmed its intent that the use of CMIA bond funds will be limited to the cost of construction and that bond funds will not be utilized to cover project cost increases. As a condition of adopting a project into the CMIA Program, the Commission resolved that all project cost increases are the responsibility of the nominating and sponsoring agencies.

Since the December 31, 2012 CMIA program deadline, Caltrans reports an estimated \$60 million in CMIA Program administrative cost savings and \$35 million in CMIA project closeout savings. Additional CMIA savings could be recognized in the future as CMIA projects currently under construction are closed out.