TEHAMA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY
TECHNICAL ADVISORY COMMITTEE

1509 Schwab Street, Red Bluff, CA 96080

AGENDA FOR WEDNESDAY, JULY 9, 2025

TCTC Conference Room
3:00PM

Chairman: Scott Miller - City of Red Bluff
Vice-Chairman: Kelly Zolotoff - Caltrans District 2

Elijah Stanley - City of Corning, Carolyn Steffan - City of Tehama,
Lynn Siedschlag - Paskenta Band of Nomlaki Indians, Will Pike - County of Tehama

This meeting conforms to the Brown Act Open Meeting Requirements, in that actions and deliberations of the Tehama County Regional Transportation Planning Agency Technical Advisory Committee created to conduct the people's business are taken openly; and that the people remain fully informed about the conduct of its business. Any written materials related to an open session item on this agenda that are submitted to the Recording Secretary less than 72 hours prior to this meeting, and that are not exempt from disclosure under the Public Records Act, will promptly be made available for public inspection at Tehama County Transportation Commission, 1509 Schwab St., Red Bluff, CA 96080.

1. Call to Order

2. Public Comment

3. Announcements **25-1212**

a) The next Regional Transportation Planning Technical Advisory Committee Meeting is scheduled for September 3, 2025, unless a follow-up meeting is required for Regional Transportation Plan recommendation for adoption.

b) Staff would like to welcome Al Cathey as the new Interim Road Commissioner for Tehama County Public Works.

4. Approval of Minutes - Associate Transportation Planner Houghtby **25-1213**

Waive the reading and approve the minutes from the March 5th , 2025 Regional Transportation Planning Agency Technical Advisory Committee regular meeting.

Attachments: Minutes 03-05-2025

5. Transportation Commission Status Update - Deputy Director Riske-Gomez **25-1214**

An update regarding the current status of discussions exploring the separation of the Transportation Commission from Tehama County Public Works.

6. Transportation Study Updates - Staff & TAC Members **25-1215**

This item is to provided updates on key transportation studies that are currently in progress or under review. No formal action is required at this time.

7. 2026 STIP Funding - Deputy Director Riske-Gomez **25-1216**

Informational presentation regarding the 2026 STIP Funding allocation.

Attachments: Draft 2026 STIP Guidelines_Permanent_v5.pdf
Table 3.pdf
17-4-3-a11y (1).pdf
tab-17-4-3-att-only.pdf
19-4-3-a11y (1).pdf

8. Items for Future Agenda

9. Closing Comments

10. Adjourn

The County of Tehama does not discriminate on the basis of disability in admission to, access to, or operation of its buildings, facilities, programs, services, or activities. Questions, complaints, or requests for additional information regarding the Americans with Disabilities Act (ADA) may be forwarded to the County's ADA Coordinator: Tom Provine, County of Tehama, 727 Oak St., Red Bluff, CA 96080, Phone: (530) 527-4655. Individuals with disabilities who need auxiliary aids and/or services or other accommodations for effective communication in the County's programs and services are invited to make their needs and preferences known to the affected department or the ADA Coordinator. For aids or services needed for effective communication during Tehama County Transit Agency Board meetings, please contact the ADA Coordinator prior to the day of the meeting. This notice is available in accessible alternate formats from the affected department or the ADA Coordinator.

Tehama County

Agenda Request Form

File #: 25-1212 **Agenda Date:** 7/9/2025 **Agenda #:** 3.

Announcements

Requested Action(s)

a) The next Regional Transportation Planning Technical Advisory Committee Meeting is scheduled for September 3, 2025, unless a follow-up meeting is required for Regional Transportation Plan recommendation for adoption.

b) Staff would like to welcome Al Cathey as the new Interim Road Commissioner for Tehama County Public Works.

Financial Impact:
Click here to enter Financial Impact.

Background Information:
Click here to enter Background Info.

Tehama County

Agenda Request Form

File #: 25-1213 **Agenda Date:** 7/9/2025 **Agenda #:** 4.

Approval of Minutes - Associate Transportation Planner Houghtby

Requested Action(s)
Waive the reading and approve the minutes from the March 5th , 2025 Regional Transportation Planning Agency Technical Advisory Committee regular meeting.

Financial Impact:
None.

Background Information:
See attached minutes.

Tehama County
Wednesday, March 5, 2025 3:00 PM
Regional Transportation Planning
Agency Technical Advisory Committee
Meeting Minutes

Tehama County Transportation
Commission Office
1515 Schwab Street
Red Bluff, CA 96080

3:00 PM

Chairman: Scott Miller - City of Red Bluff
Vice-Chairman: Kelly Zolotoff - Caltrans District 2

Elijah Stanley - City of Corning, Carolyn Steffan - City of Tehama,
Lynn Siedschlag - Paskenta Band of Nomlaki Indians, Will Pike - County of Tehama

Present	Commissioner Carolyn Steffan, Commissioner Elijah Stanley, Commissioner Will Pike and Commissioner Kimi Taguchi
ABSENT	Vice Chair Kelly Zolotoff, Chairman Scott Miller, and Commissioner Lynn Siedschlag

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Standing Items

1. Call to Order

Meeting was called to order at 3:01 PM.

2. Public Comment

No Public Comment.

3. Announcements By Staff **25-0301**

Ashley Fox promoted to Senior Transportation Planner and Cole Houghtby promoted to Associate Transportation Planner.

Regular Items

1. Approval of Minutes – Associate Transportation Planner Houghtby **25-0286**

Waive the reading and approve the minutes from the November 6, 2024 Regional Transportation Planning Agency Technical Advisory Committee regular meeting.

RESULT:	APPROVE
MOVER:	Carolyn Steffan
SECONDER:	Elijah Stanley
AYES:	Commissioner Steffan, Commissioner Stanley, and Commissioner Taguchi
ABSENT:	Vice Chair Zolotoff, Chairman Miller, and Commissioner Siedschlag
ABSTAINED:	Commissioner Pike

2. Election of Chair and Vice Chair for 2025 Calendar Year **25-0285**

In order to elect a Chair and Vice Chair, the Council must make the following motion:

a.) A motion to nominate and elect a Chair to serve for the calendar year of 2025.

b.) A motion to nominate and elect a Vice Chair to serve for the calendar year of 2025.

a.) A motion was made to nominate and elect Scott Miller as Chair to serve for the calendar year of 2025.

RESULT:	APPROVE
MOVER:	Carolyn Steffan
SECONDER:	Elijah Stanley
AYES:	Commissioner Steffan, Commissioner Stanley, Commissioner Pike, and Commissioner Taguchi
ABSENT:	Vice Chair Zolotoff, Chairman Miller, and Commissioner Siedschlag

b). A motion was made to nominate and elect Elijah Stanley as Vice Chair to serve for the calendar year of 2025.

Will Pike made a secondary motion to elect Carolyn Steffan as the Vice Chair. He then clarified that he wished to be the second for the original motion and retracted his motion.

The commissioners then took the vote on the original motion, electing Elijah Stanley as Vice Chair.

RESULT:	APPROVE
MOVER:	Carolyn Steffan
SECONDER:	Will Pike
AYES:	Commissioner Steffan, Commissioner Stanley, Commissioner Pike, and Commissioner Taguchi
ABSENT:	Vice Chair Zolotoff, Chairman Miller, and Commissioner Siedschlag

3. Transportation Funding Updates - Staff **25-0297**

Funding updates provided for State Transportation Improvement Program (STIP), Regional Surface Transportation Program (RSTP), and the Local Transportation Fund (LTF).

4. California Rural Counties Task Force - Rural Induced Demand Study **25-0295**

Informal presentation on the Rural Induced Demand Study released by the California Rural Counties Task Force (RCTF).

6. Transportation Study Updates - Staff & TAC Members **25-0300**

An update was provided on the 99W South County Corridor Study, VMTCRP, Woodson Bridge, and RTP amendment.

7. Transportation Project Updates - TAC Members **25-0298**

Commissioner Pike gave an update on 99W and South Main project.

Council member Steffan gave an update on the B Street project in the City of Tehama.

8. Items for Future Agenda

Commissioner Pike requested a presentation on the Safety Study for the next meeting.

9. Closing Comments

Commissioner Pike thanked everyone for the invitation to this meeting.

10. Adjourn

With no further business, the meeting was adjourned at 3:39 PM.

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Tehama County

Agenda Request Form

File #: 25-1214 **Agenda Date:** 7/9/2025 **Agenda #:** 5.

Transportation Commission Status Update - Deputy Director Riske-Gomez

Requested Action(s)

An update regarding the current status of discussions exploring the separation of the Transportation Commission from Tehama County Public Works.

Financial Impact:

Click here to enter Financial Impact.

Background Information:

Click here to enter Background Info.

Tehama County

Agenda Request Form

File #: 25-1215 **Agenda Date:** 7/9/2025 **Agenda #:** 6.

Transportation Study Updates - Staff & TAC Members

Requested Action(s)
This item is to provided updates on key transportation studies that are currently in progress or under review. No formal action is required at this time.

Financial Impact:
Varies by project.

Background Information:

BACKGROUND

This agenda item provides updates on key transportation studies that are currently in progress or under review. The studies covered in this update include the **99W South County Corridor Study**, the **Vehicle Miles Traveled (VMT) CRP**, Each sub-item below outlines the latest developments, findings, and next steps.

SUB-ITEMS

a. 99W South County Corridor Study Update

The 99W South County Corridor Study is focused on improving connectivity, mobility, and safety along this key corridor in partnership with TAC partners. This update will address:

- Progress on funding authorizations
- Plans for advertising for Project Management
- Project timeline

b. VMT CRP Update

The Vehicle Miles Traveled (VMT) CRP study examines compliance with state-mandated VMT reduction goals and the impact of current policies. This update will include:

- Status of ongoing project
- Implications for regional transportation planning and funding
- Next steps for agency coordination and policy recommendations

Tehama County

Agenda Request Form

File #: 25-1216 **Agenda Date:** 7/9/2025 **Agenda #:** 7.

2026 STIP Funding - Deputy Director Riske-Gomez

Requested Action(s)
Informational presentation regarding the 2026 STIP Funding allocation.

Financial Impact:

None.

Background Information:

Discussion regarding prioritization of projects, additional funding allocation amounts for existing projects and available funding for new projects in the 2026 State Transportation Improvement Program (STIP) cycle. Tehama County will receive an allocated $8.1 million in regional STIP funding. This funding is part of the statewide effort to support capital transportation projects that improve mobility, safety, and infrastructure. The funds can be used for eligible projects such as highway improvements, local road upgrades, active transportation (bike/pedestrian) projects, and transit-related enhancements. Tehama County's allocation is based on the STIP's county share formula and can be programmed through its Regional Transportation Improvement Program (RTIP).

2026 PERMANENT STIP GUIDELINES

TABLE OF CONTENTS

I. INTRODUCTION

1. Purpose and Authority

These guidelines describe the policy, standards, criteria, and procedures for the development, adoption, and management of the state transportation improvement program (STIP). They were developed and adopted in cooperation with Caltrans, regional transportation planning agencies, county transportation commissions, and local agencies in accordance with Government Code Section 14530.1with the following basic objectives:

- Develop and manage the STIP as a resource management document.
- Facilitate transportation decision-making by those who are closest to the transportation problems.
- Recognize that although Caltrans is the owner-operator of the State highway system, the regional agencies have the lead responsibility for resolving urban congestion problems, including those on state highways.
- Provide incentives for regional accountability for the timely use of funds.
- Facilitate the California Transportation Commission and Caltrans's role as guardians of State capital dollars, responsible for determining how best to manage those dollars wisely and cost-effectively.
- Facilitate cooperative programming and funding ventures between regions and between Caltrans and regions.
- Make progress towards regional and statewide goals and objectives in improving the state's multi-modal transportation system.
- Emphasize partnerships between Caltrans and regional agencies in making investment decisions addressing the most critical corridor needs, regardless of mode choice or system condition.
- Mitigate negative environmental and community impacts.
- Align with the State's climate and equity goals, including the Climate Action Plan for Transportation Infrastructure (CAPTI).

The Commission intends to carry out these objectives through its guidelines, stressing accountability, flexibility, and simplicity.

2. Biennial Fund Estimate

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

3. STIP Adoption

Before April 1 of each even-numbered year, the Commission shall adopt a five-year STIP and submit it to the legislature and the Governor. The STIP shall be a statement of the Commission's intent for allocation and expenditure of funds for the following five years and a resource management document to assist in the cost-effective planning and utilization of transportation resources. The STIP shall be developed in a manner consistent with the fund estimate, and the total amount programmed in each fiscal year of the STIP shall not exceed the amount specified in the fund estimate. The adopted STIP shall remain in effect until a new STIP is adopted for the next two-year STIP cycle.

4. Amendments to STIP Guidelines

The Commission may amend the adopted STIP guidelines after first giving notice of the proposed amendment and conducting at least one public hearing. The guidelines may not be amended or modified during the period between thirty days following the adoption of the fund estimate and the adoption of the STIP.

5. Federal TIPs and Federal STIP

These guidelines apply only to the transportation programming requirements specified in state statutes. They do not apply to transportation programming requirements specified in federal statutes. Generally, all projects receiving federal transportation funds must be programmed in a federal TIP (for projects in urbanized regions) and a federal STIP. Metropolitan Planning Organizations are responsible for developing and adopting federal TIPs, and Caltrans is responsible for preparing the federal STIP. Federal TIPs and STIP requirements are specified in federal statutes (Title 23 USC) and regulations (23 CFR part 450).

II. STIP CONTENTS

6. General

The STIP is a biennial document adopted no later than April 1 of each even-numbered year. Each STIP will cover a five-year period and add two new years of programming capacity. Each new STIP will include projects carried forward from the previous STIP, plus new projects and reserves from among those proposed by regional agencies in their regional transportation improvement programs (RTIPs) and by Caltrans in its interregional transportation improvement program (ITIP). State highway project costs in the STIP will include all Caltrans project support costs and all project listings will specify costs for each of the following four components: (1) completion of all permits and environmental studies; (2) preparation of plans, specifications, and estimates; (3) right-of-way acquisition; and (4) construction and construction management and engineering, including surveys and inspection. (See Sections 52 and 57 of these guidelines for guidance on displaying project components and their costs.)

7. County and Interregional Shares

The STIP consists of two broad programs: the regional program, which is funded by 75% of new STIP funding, and the interregional program, which is funded by

25% of new STIP funding. The 75% regional program is further subdivided by formula into county shares. County shares are available solely for projects nominated by regions in their RTIPs. The Caltrans ITIP will nominate only projects for the interregional program. Under restricted circumstances, an RTIP may also recommend a project for funding from the interregional share (see Section 37 of these guidelines).

The 1998 STIP period constituted a single county share period ending 2003-04; later county share periods are discrete 4-year periods, ending 2026-27, 2028-29, etc. Both surpluses and deficits of county and interregional shares carry forward from one period to the next. The Commission will program each new project from a county or interregional share, including Caltrans support costs. (See Sections 58-64 of these guidelines for counting cost changes after initial programming.)

8. Joint Funding from Regional and Interregional Shares

If Caltrans and a regional agency agree, they may recommend that a new project or a project cost increase be jointly funded from county and interregional shares. In that case, the region will nominate the county share in the RTIP, and Caltrans will nominate the interregional share in the ITIP.

9. Prior Year Projects

The STIP shall include projects from the prior STIP that are expected to be advertised before July 1 of the year of adoption, but for which the Commission has not yet allocated funds.

10. 1996 STIP Projects

All 1996 STIP project costs will be funded off the top before the division of new funds between the regional and interregional programs. This grandfathered funding will include Caltrans support costs, and the project cost display for 1996 STIP projects will conform to the same standards used for new STIP projects. Any cost changes to construction or right-of-way capital costs for 1996 STIP projects will be drawn from or credited to county and interregional shares as if they were cost changes to new STIP projects. Caltrans support costs for 1996 STIP projects will be drawn from county and interregional shares only to the extent that they are attributable to a change in project scope since the 1996 STIP. All cost changes will be drawn from or credited to the appropriate regional share. In the ITIP, Caltrans shall report on the budgets for all ongoing grandfathered 1996 STIP projects. This reporting shall include a comparison of actual expenditures to project budgets as reported in the 2012 ITIP.

11. Multi-Modal Corridor

A corridor is defined as a largely linear geographic area that includes various modes of transportation that facilitate the multi-modal movement of people and goods, support the economy, and connect communities, including cross-mode connections. A multi-modal corridor is generally defined by existing and forecasted travel patterns serving a particular travel market or markets affected by similar transportation needs and mobility issues. Origins and destinations, land use, place types, and existing and future development surrounding the transportation infrastructure also influence how the multi-modal corridor is defined. Pursuant to state and federal law[1] and statewide guidance[2]. Caltrans and regional transportation agencies prepare corridor plans to identify multi-modal transportation projects that meet state, regional, and local goals and benefit corridors around the state.

12. Transportation Management System Improvements

The Commission supports implementing and applying transportation management system (TMS) improvements to address highway congestion and manage transportation systems. Under current statutes, Caltrans is the owner-operator of the state highway system and is responsible for the overall management of the state highway system. The regional transportation agencies are responsible for planning and programming transportation strategies, facilities, and improvements that address regional transportation issues and systemwide congestion. The Commission encourages the regions and Caltrans to work together to plan, program, implement, operate, and manage transportation facilities as an integrated system with the objective of meeting state and regional goals while maximizing available transportation resources and overall transportation system performance.

Considering this objective and the respective responsibilities of Caltrans and the regional agencies, it is the Commission’s policy that TMS improvements for state highways may be programmed in the State Highway Operations and Protection Program (SHOPP) by Caltrans in consultation with regional agencies if such improvements are part of a region’s adopted strategy for addressing system wide congestion. The regions are encouraged to program TMS improvements in their RTIP for STIP programming if timely programming through the SHOPP is not possible because of funding limitations. TMS improvements include, but are not limited to, the following types of projects:

- Transportation Management Centers (TMC), including necessary computer software and hardware.
- TMC interconnect projects, which allow a TMC to substitute for another TMC during an emergency.
- TMC field elements, such as, but not limited to, traffic sensors, message signs, cameras, and ramp meters, which upgrade the existing facilities and are necessary to facilitate the operation of the TMC.

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[1] California Government Code Section 65086, California Streets and Highways Code Sections 2390 – 2397, Title 23 United States Code Section 135, Title 23 Code of Federal Regulations Part 450.320(c).

[2] 2018 Comprehensive Multimodal Corridor Plan Guidelines: https://catc.ca.gov/programs/sb1/solutions-for-congested-corridors-program/comprehensive-multimodal-corridor-plan-guidelines, and Caltrans Corridor Planning Guidebook: https://dot.ca.gov/programs/transportation-planning/multi-modal-system-planning/system-planning

To maximize the TMS benefits, TMS improvements should be coordinated with other operational improvements, such as freeway ramp/local street access modifications and auxiliary lanes. Before programming a new highway facility for construction, reconstruction, or rehabilitation in the STIP or the SHOPP, regions and Caltrans should fully consider transportation system management plans and needs and include any necessary TMC field elements to support the operation of existing or planned TMCs.

13. Capacity Increasing Highway Operational Improvements

State highway operational improvements, which expand the system's design capacity, are not eligible for SHOPP funds. To the extent such projects address regional issues, the regional agency is responsible for nominating them for STIP programming through the RTIP process. To the extent such projects address interregional issues, Caltrans is responsible for nominating them for STIP programming through the ITIP process. Examples of such projects include:

1) High Occupancy Vehicle (HOV) lanes and HOV interchanges.
2) Interchange design modifications and upgrades to accommodate traffic volumes significantly larger than the existing facility was designed for.
3) Truck or slow vehicle lanes on freeways with six or more mixed flow lanes.

14. Non-Capacity Increasing Highway Operational Improvements

State highway operational improvements that do not expand the system's design capacity, are intended to address spot congestion, and are not directly related to TMCs or TMC field elements, are eligible for the SHOPP. Regions may nominate these types of projects for STIP programming through the RTIP process if timely implementation through the SHOPP is not possible. Examples of such projects include:

- Auxiliary lanes for merging or weaving between adjacent interchanges
- Intersection modifications, including traffic signals
- Slow vehicle lanes on conventional highways and four-lane freeways
- Curve and vertical alignment corrections
- Two-way left turn lanes
- Channelization
- Turnouts
- Chain control and truck brake inspection sites
- Shoulder widening

III. <u>STIP REQUIREMENTS FOR ALL PROJECTS</u>

15. Project Study Reports

A project study report (PSR) or a PSR equivalent is required for all new projects proposed to be added to the STIP. A PSR or PSR equivalent will, at a minimum, define and justify the project scope, cost, and schedule to the satisfaction of the regional agency and Caltrans. Though a PSR or PSR equivalent may focus on the project components proposed for programming, it must provide at least a preliminary estimate of costs for all components. This requirement does not apply to planning, programming, and monitoring projects.

A PSR and PSR equivalent must follow the requirements and standards outlined in the Commission's PSR guidelines.

A registered engineer must prepare a PSR and PSR equivalent and contain the proper approvals, including the approval of the Executive Director, Division Chief, or District Director of the nominating and implementing agencies.

The following is required for PSR equivalents:

- In a rail project where the private railroad is the implementing agency, the signature of the private railroad is not required.

- In a transit or rail procurement project, the Commission's Uniform Transit Application (UTA) may replace a PSR equivalent. All PSR and PSR equivalent requirements and standards apply to the UTA.

The final RTIP or ITIP must include a hard copy or a link to the PSR, PSR equivalent, or UTA.

16. Programming Project Components Sequentially

Project components may be programmed sequentially.

- A project may be programmed for the environmental phase without being programmed for the design phase.
- A project may be programmed for the design phase without being programmed for the right-of-way or construction phase.
- A project may be programmed for the right-of-way phase without being programmed for the construction phase.

The Commission recognizes a particular benefit in programming projects for environmental work only, since project costs and scheduling often cannot be determined with meaningful accuracy until environmental studies have been completed. Prematurely programming post-environmental components can needlessly tie up STIP programming resources while other transportation needs go unmet.

When proposing to program only preconstruction components to a project, Caltrans and the regional agency should demonstrate how they intend to fund the construction of a useable segment, consistent with the regional transportation plan or the Caltrans Interregional Transportation Strategic Plan.

17. Committed and Uncommitted Funds

Committed Funds

The Commission will not program a project or phase of a project in the STIP without a full funding commitment from STIP funds or other committed funds. The Commission considers funds committed when programmed by the Commission, or when the agency with discretionary authority over the funds has committed to the project by ordinance or resolution.

For federal formula funds, including the Surface Transportation Block Grant Program, Highway Improvement Program, Congestion Mitigation and Air Quality, and federal formula transit funds, the commitment may be made through the federal Transportation Improvement Program adoption. For federal discretionary funds, the commitment may be made through the federal approval of a full funding grant agreement or by grant approval.

For projects where the agency is seeking federal discretionary funds such as New Starts or Small Starts for construction, the commitment may take the form of federal acceptance into Accelerated Project Delivery and Development (in the case of Small Starts) with the expectation of federal approval of an Expedited Grant Agreement, or federal approval of a project to enter Engineering (in the case of New Starts) with the expectation of federal approval of a Full Funding Grant Agreement, as long as all funding, excluding STIP funding, is committed to the project. A project programmed before receiving federal approval for construction must receive the federal approval for construction before construction allocation and no later than the end of the first full federal fiscal year after the STIP or STIP amendment is adopted, or the project will be deleted from the STIP.

When proposing to program only preconstruction components for a project, Caltrans or the regional agency should demonstrate how it intends to fund the construction of a useable segment, consistent with the regional transportation plan or the Caltrans interregional transportation strategic plan.

All proposed projects shall submit complete funding plans describing each overall project and/or usable project segment. Each plan shall list Federal, State, and local funding categories by fiscal year over the funding timeframe sought. Rail and transit projects must include how they intend to fund initial operating costs. Moreover, should the project schedule exceed the funding horizon, the amount needed beyond what is currently requested shall be indicated. This information may be incorporated in the project fact sheets (see Section 50 of these guidelines).

Uncommitted Funds

The Commission will consider programming projects with uncommitted funds only from the Solutions for Congested Corridors Program, Trade Corridors Enhancement Program, Local Partnership Program, Local Transportation Climate Adaptation Program, Active Transportation Program, and federal discretionary programs. If the funding commitment is not secured with the adoption of the following programming cycle for these programs and alternative funding is not identified within six months, a STIP amendment will be required to delete the projects or substitute the projects for projects that have a full funding plan commitment.

18. Alternative Delivery Methods

Projects using alternative delivery methods, such as design-build, design-sequencing procurement, or the Construction Manager/General Contractor (CMGC) delivery method, should be identified at the time of programming or as soon as possible before allocation. See Section 71 of these Guidelines.

19. Completion of Environmental Process

The Commission may program funding for right-of-way or construction only if it finds that the sponsoring agency will complete the environmental process and can proceed with right-of-way acquisition or construction within the five-year period of the STIP. In compliance with Sections 21102 and 21150 of the Public Resources Code, the Commission will not allocate funds to state or local agencies for design, right-of-way, or construction before environmental clearance documentation under the California Environmental Quality Act. As a matter of policy, the Commission will not allocate funds for design, right-of-way, or construction of a federally funded project before documentation of environmental clearance under the National Environmental Policy Act. Exceptions to this policy may be made when federal law allows for the right-of-way acquisition before completion of the National Environmental Policy Act review.

20. Caltrans/Regional Consultations

Caltrans and regional agencies shall consult in developing the ITIP and the RTIPs. As a part of this consultation, Caltrans will advise regional agencies, as far in advance as possible, of projects that may be included in the ITIP, including the potential for joint funding from county and interregional shares. Caltrans will seek the advice of the regional agencies regarding these projects. Caltrans will also advise the appropriate regional agencies, as far in advance as possible, of any schedule and cost changes for Caltrans-implemented projects funded from regional shares in the STIP.

The consultation should allow regional agencies to consider and advise Caltrans regarding the potential impact of the ITIP on the programming of projects in the RTIP. The Commission encourages Caltrans to assist the regional agencies that are responsible for preparing a Federal TIP by identifying projects that may be included in the ITIP, recognizing that Federal regulations generally require that a project in a county with an urbanized area be included in the Federal TIP to qualify for Federal funding.

As part of this consultation, each regional agency should seek and consider the advice of Caltrans regarding potential regional program funding for State highway and intercity rail projects and should advise Caltrans, as far in advance as possible, of staff recommendations or other indications of projects that may be or are likely to be included in the RTIP. The consultation should allow Caltrans to consider and advise the regional agency regarding the potential impact of the RTIP on the programming of projects in the ITIP. Where the regional agency prepares a Federal TIP, the consultation should provide for the timely inclusion of State highway projects in the Federal TIP.

Nothing in this section is meant to require that Caltrans or a regional agency make final commitments regarding including particular projects in the ITIP or RTIP before the December 15 submission deadline.

21. Minor Projects

A STIP project does not have a minimum size. The minor reserve in the Caltrans State Highway Operation and Protection Program (SHOPP) is for SHOPP projects only. The Commission will not allocate funds from the SHOPP minor program for STIP projects' enhancements, mitigation, or cost increases.

22. Criteria for Measuring Performance and Cost-Effectiveness

Regions and Caltrans are responsible for developing goals, objectives, and priorities, considering the transportation system's overall performance consistent with federal and state planning requirements. These goals and objectives are incorporated in the region’s regional transportation plan (RTP), reflected in the region’s RTIP, and similarly in Caltrans’ Interregional Transportation Strategic Plan (ITSP) and ITIP. To maximize the state’s investments in transportation infrastructure, the Commission’s policy is that each RTIP and the ITIP will be evaluated for performance and cost-effectiveness at the regional level and, where applicable, at the project level.

The Commission will evaluate each RTIP and the ITIP based on the following:

A. A performance evaluation at the regional level and how each RTIP furthers the goals of the region’s RTP, and if applicable, its Sustainable Communities Strategies (SCS), and for Caltrans, how the ITIP furthers the objectives of the ITSP.

B. An evaluation of the cost-effectiveness of the RTIP at the regional level or the ITIP at the statewide level.

C. Project-specific data on proposed changes to the built environment.

D. A project-specific benefit evaluation to estimate the project’s benefit to the regional system from changes to the built environment is required for:
   a. Projects with a total cost of $50 million or greater, or
   b. STIP programming for right-of-way and/or construction of $15 million or more.

Consistent with Executive Order B-30-15, the project-specific benefit evaluation must include a full life-cycle cost evaluation and consider climate change impacts.

The Commission will consider the evaluations submitted by regions when making decisions on RTIPs as described in Section 65 of these guidelines. The Commission will consider the evaluations submitted by Caltrans when making decisions on the ITIP as described in Section 67 of these guidelines.

The Commission expects these evaluations to be on a life-cycle basis (full cost through the project's life, including maintenance and operation).

A. Regional Level Performance Evaluation

Caltrans and each region that is a Metropolitan Planning Organization (MPO) or within an MPO shall include an evaluation of overall (RTP or CTP/ITSP level) performance using, as a baseline, the region's or state's existing monitored data (e.g., VMT, GHG, housing and jobs, pavement condition, etc.). To the extent relevant data and tools are available, the following performance measures may be reported:

- Vehicle Miles Traveled (VMT) per capita
- Percent of congested VMT (at or below 35 mph)
- Commute mode share (travel to work or school)
- Percent of distressed state highway lane-miles
- Pavement Condition Index (local streets and roads)
- Percent of highway bridge lane miles in need of replacement or rehabilitation (sufficiency rating of 80 or below)
- Percent of transit assets that have surpassed the FTA useful life period
- Highway Buffer Index (the extra time cushion that most travelers add to their average travel time when planning trips to ensure on-time arrival)
- Fatalities and serious injuries per capita
- Fatalities and serious injuries per VMT
- Percent of housing and jobs within 0.5 miles of transit stops with frequent transit service
- Mean commute travel time (to work or school)
- Change in acres of agricultural land
- CO_2 emissions reduction per capita
- Accessibility and on-time performance for rail and transit
- Farebox recovery ratio

Regions outside an MPO shall include any of the above measures that the region currently monitors. A region outside an MPO (or a small MPO) may request, and Caltrans shall provide, data on these measures relative to the state transportation system in that region.

Alternatively, a region outside an MPO (or a small MPO) may use the Performance Monitoring Indicators identified in the Rural Counties Task Force's Rural and Small Urban Transportation Planning study dated June 3, 2015. These include:

- Total Accident Cost
- Total Transit Operating Cost per Revenue Mile

- Total Distressed Lane Miles, and
- Land Use Efficiency (total developed land in acres per population)

The evaluation of overall performance shall include a qualitative or quantitative assessment of how effective the RTIP or the ITIP is in addressing or achieving the goals, objectives, and standards that correspond to the relevant horizon years within the region's RTP or Caltrans' ITSP that covers the 5-year STIP period. Caltrans' evaluation of the ITIP shall also address ITIP consistency with the RTPs.

In addition, each region with an adopted SCS shall include a discussion of how the RTIP relates to its SCS. The discussion shall consist of a quantitative or qualitative assessment of how the RTIP will facilitate implementation of the SCS and identify any challenges the region faces in implementing its SCS. The report shall address the portion of the SCS relevant to that region in a region served by a multi-county transportation planning organization. As part of this discussion, each region shall identify any proposed or current STIP projects exempt from SB 375.

B. Evaluation of the cost-effectiveness of the RTIP or ITIP

If appropriate and to the extent relevant data and tools are available, Regions shall use the performance measures outlined above to evaluate the cost-effectiveness of projects proposed in the STIP on a regional level. Caltrans shall do so at the statewide level.

C. Project-level outputs

For each new project proposed, the region or Caltrans shall provide data on the proposed changes to the built environment, including but not limited to the items listed below. Such data shall be included in the electronic Project Programming Request (ePPR) (See Appendix A).

For state highway projects:

- New general-purpose lane-miles
- New HOV/HOT lane-miles
- Lane-miles rehabilitated
- New or upgraded bicycle/pedestrian lane/sidewalk miles
- Operation improvements
- New or reconstructed interchanges
- New or reconstructed bridges

For intercity rail and rail/transit projects:

- Additional transit miles or vehicles
- Miles of new track
- Rail crossing improvements
- Station improvements

For local street and road projects:

- New lane-miles

- Lane-miles rehabilitated
- New or upgraded bicycle/pedestrian lane/sidewalk miles
- Operation improvements
- New or reconstructed bridges

D. A project-level benefit evaluation shall be submitted for projects for which construction is proposed, if:

- The total amount of existing and proposed STIP for right-of-way and/or construction of the project is $15 million or greater, or
- The total project cost is $50 million or greater.

The project-level benefit evaluation shall address the specific benefits of the proposed project using as many of the following measures as are relevant:

- Change in Vehicle Miles Traveled (VMT) per capita
- Change in percent of congested VMT (at or below 35 mph)
- Change in commute mode share (travel to work or school)
- Change in percent of distressed state highway lane-miles
- Change in Pavement Condition Index (local streets and roads)
- Change in percent of highway bridge lane-miles in need of replacement or rehabilitation (Sufficiency Rating of 80 or below)
- Change in percent of transit assets that have surpassed the FTA useful life period
- Change in highway Buffer Index (the extra time cushion that most travelers add to their average travel time when planning trips to ensure on-time arrival)
- Change in fatalities and serious injuries per capita
- Change in fatalities and serious injuries per VMT
- Change in percent of housing and jobs within 0.5 miles of transit stops with frequent transit service
- Change in mean commute travel time (to work or school)
- Change in acres of agricultural land
- Change in CO_2 emissions reduction per capita
- Changes in accessibility and on-time performance
- Change in farebox recovery ratio

The project-level benefit evaluation shall include a Caltrans-generated benefit/cost estimate, including life-cycle costs for projects proposed in the ITIP. For the RTIP, the regions may choose between the Caltrans estimate and their own estimate (explain why the Caltrans estimate was not used). The project-level evaluation must explain how the project is consistent with Executive Order B-30-15, including describing any actions taken to protect the state’s most vulnerable populations. The evaluation shall be conducted by each region and by Caltrans before the RTIPs and the ITIP are submitted to the Commission for incorporation into the STIP.

23. Community Engagement

The Commission requires the development of each RTIP and the ITIP to be informed by a robust community engagement process. All agencies shall include documentation of the community engagement activities undertaken to develop the program of projects proposed in each RTIP and the ITIP. This discussion can consist of community engagement conducted during the Regional Transportation Plan or California Transportation Plan development, community engagement conducted during individual project planning, or community engagement conducted for the RTIP and ITIP. Agencies should describe how community feedback was acknowledged and incorporated into each RTIP and the ITIP. This description should demonstrate the linkage between the engagement and the scope of the proposed projects. The documentation should include a summary of the benefits the RTIP or ITIP will have on the community and any potential negative community impacts. If negative community impacts have been identified, describe how these impacts are being mitigated and how the mitigation strategy was developed in coordination with the impacted community.

IV. REGIONAL IMPROVEMENT PROGRAM

24. Submittal of RTIPs

After consulting with Caltrans, each regional agency shall adopt and submit its RTIP to the Commission and Caltrans no later than December 15 of each odd-numbered year. The RTIP will include and separately identify:

(a) Programming proposals from the county share(s), consistent with the STIP fund estimate and Section 27 of these guidelines. These proposals may include new projects and changes to existing STIP projects within the 5-year STIP period.
(b) Programming proposals from the county Advance Project Development Element (APDE) share, if identified in the fund estimate, which is treated as an advance of future share (see Sections 42-47).
(c) Any request to advance a future county share for a larger project.
(d) Any project recommendations for the interregional share.
(e) A discussion of the proposed project's impact on other projects planned or underway within the corridor.
(f) Information on STIP projects (in the RTIP) completed since the last RTIP submittal (see section 78).
(g) Discuss what regions believe are the most significant interregional highway and intercity rail needs within the region (see section 39), as well as any state routes within the region that might be potential candidates for highways to boulevards. (See section 39).
(h) A discussion describing how community engagement was performed and the benefits the project will achieve once implemented. The discussion should include potential negative impacts and how these will be mitigated.

After approval by the regional agency Board, each RTIP will be made available electronically by the regional agency on its website, with the link provided to the Commission.

Each RTIP shall be based on the regional transportation plan and, where applicable, the Sustainable Communities Strategy developed and updated pursuant to Government Code Section 65080 and a region-wide assessment of transportation needs and deficiencies. Programming in the RTIP should not be based on a formula for distributing county shares among agencies or geographic areas.

Caltrans may nominate or recommend State highway improvement projects for inclusion in the RTIP for programming from the county share. Caltrans should also identify any additional State highway and intercity rail improvement needs within the region that could reasonably be programmed within the 3 years beyond the end of the current STIP period using revenue assumptions similar to those adopted for the fund estimate. These programming recommendations and this identification of State highway and intercity rail improvement needs should be provided to the regional agency at least 90 days before the due date for submittal of the RTIP or, if a later due date for project nominations is set by the regional agency, before that date. The regional agency has sole authority to accept Caltrans' STIP recommendations for programming in the RTIP. Caltrans shall provide a copy or list of its RTIP recommendations and identify additional state highway and intercity rail needs for each region to the Commission. Each region shall, in its RTIP, include a comparison of the projects in its RTIP and the State highway and intercity rail improvement needs identified by Caltrans, including a discussion of significant differences.

When Caltrans makes its RTIP recommendation and identifies State highway and intercity rail improvement needs, it should also share with the regional agency its plans for SHOPP projects that may be relevant to the region's consideration of RTIP projects. This is apart from the statutory requirement to make a draft of the SHOPP available for review and comment.

25. Project Planning, Programming, and Monitoring

The RTIP may propose to program up to five percent of the county share for project planning, programming, and monitoring (PPM) by the transportation planning agency or, within the Southern California Association of Governments (SCAG) area, by a county transportation commission. If the RTIP proposes programming funds for both SCAG and a county transportation commission, the total will not exceed five percent of the county share.

Funds programmed for this purpose should be spread across the years of the STIP. When allocated by the Commission, the funds will be available to cover the costs of:

- Regional transportation planning, including developing and preparing the regional transportation plan and Sustainable Communities Strategy.
- Project planning, including developing project study reports or major investment studies, is conducted by regional or local agencies in cooperation with regional agencies.
- Program development, including the preparation of RTIPs and studies supporting them.
- Monitoring the implementation of STIP projects, including project delivery, timely use of funds, and compliance with State law and the Commission's guidelines.

Caltrans expenses for these purposes are included in the Department's annual budget and will not be funded through the STIP except when a region reimburses Caltrans for project study reports using funds allocated to that region for PPM.

26. Active Transportation Projects in the RTIP

A region may program bicycle and pedestrian projects in its RTIP, as these projects are eligible for State Highway Account or Federal funds.

Consistent with Caltrans's Complete Streets Action Plan, regions should consider incorporating complete streets elements in all highway projects proposed for funding in the STIP.

For local road improvements, regions should consider incorporating complete street elements into their projects proposed for funding in the STIP.

27. County Shares, Advances, and Reserves

The fund estimate will identify, for each county, (1) the county share for the share period that ends during the current STIP period, (2) the county's proportionate share for the portion of the new four-year period that falls within the current STIP period, and (3) the balance of the estimated share for the four-year period that extends beyond the current STIP period. For the 2026 STIP fund estimate, for example, this means (1) the available share for the period ending 2027-28, (2) the county's proportionate share for the period beginning 2028-29, and (3) an estimated proportionate share for the period ending 2031-32.

Any region may, in its RTIP, propose projects or project components during the STIP period from all of these shares, including the share for the period that extends beyond the STIP period. Unless the Commission rejects an RTIP, as described in Section 65, the Commission will include in the STIP, at a minimum, all RTIP projects carried forward from the prior STIP and all new RTIP programming proposed within the level of the county share for the share period that ends during the current STIP (i.e., for the 2024 STIP, the share for the period ending 2027-28). Beyond that, as described in Section 66, the Commission may include more or less in the STIP than each region's proportionate share for the new share period. Overall, the Commission may not program more than the available statewide capacity for the STIP period. The RTIP shall identify those projects or components it proposes to program within the STIP period from the share for each four-year period.

As authorized by Streets and Highways Code Section 188.8(j), a region for a county with a population of less than one million may also, in its RTIP, ask the Commission to advance an amount beyond its county share for a larger project. As identified in the Fund Estimate, the requested advance may not exceed 200 percent of the county share for the four-year share period that extends beyond the current STIP period. The RTIP will separately identify the project or components it proposes to program with the advance, following the same display format used for other RTIP projects.

Any region may, in its RTIP, ask to leave all or part of its county share unprogrammed, thus reserving that amount to build up a larger share for a higher-cost project or otherwise to program projects in the county later. The Commission may use funds freed up by these reserves to advance county shares in other counties. With Caltrans's consent, the Commission may also consider advancing county shares by reserving a portion of the interregional share until the next county share period.

28. Federal Match

In its RTIP, a region may propose to program State funds to match federal funds committed to a project. Such projects must meet the eligibility restrictions of the available state funds. For example, a transit project may not use State Highway Account funds to match federal funds unless the project is eligible under Article XIX of the California Constitution. The match for rail rolling stock and bus purchases can only be programmed in the STIP if Public Transportation Account capacity is available.

29. Regional Improvement Program Project Eligibility

Except for project planning, programming, and monitoring, all STIP projects will be capital projects (including project development costs) needed to improve regional transportation. These projects generally may include, but are not limited to, improving State highways, local roads, public transit (including buses), intercity rail, pedestrian and bicycle facilities, grade separations, transportation system management, transportation demand management, sound walls, intermodal facilities, and safety. Non-capital costs for transportation system management or transportation demand management may be included where the regional agency finds the project to be a cost-effective substitute for capital expenditures. Other non-capital projects (e.g., road and transit maintenance) are not eligible.

In addition to meeting general program standards, all STIP projects must meet eligibility requirements specific to the STIP's funding sources, the State Highway Account, which includes both State and Federal revenues, and the Public Transportation Account. Unless the fund estimate specifies otherwise, a region may propose, in its RTIP, projects to be funded from any of these funding sources, or a combination of them. The Commission will provide and calculate STIP county shares without regard to the individual STIP funding sources.

Except for project planning, programming, and monitoring, RTIP nominations will be consistent with the following statutory sequence of priorities for programming from the State Highway Account:

- Safety improvements on transportation facilities other than State highways where physical changes, other than adding new capacity, would reduce fatalities and the number and severity of injuries. (Safety projects on State highways are programmed in the SHOPP. However, regions may program safety improvements in their RTIP for STIP programming if timely programming through the SHOPP is not possible because of funding limitations.)
- Transportation capital improvements that expand capacity, reduce congestion, or do both. These improvements may include the reconstruction of local roads and transit facilities, non-capital expenditures for transportation systems management, and transportation demand management projects that are cost-effective substitutes for capital expenditures.
- Environmental enhancement and mitigation, including soundwall projects.

Article XIX of the California Constitution permits State revenues in the SHA only for State highways, local roads, and fixed guideway facilities.

Article XIX of the California Constitution restricts transit and rail projects that can be funded with nearly all SHA revenues to the “research, planning, construction, and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment, and services.”

Additionally, SHA revenues may not be expended for these purposes “unless such use is approved by a majority of the votes cast on the proposition authorizing such use of such revenues in an election held throughout the county or counties, or a specified area of a county or counties, within which the revenues are to be expended.”

This means, for example, that rail rolling stock and buses may be funded only from Federal revenues in the STIP. The non-Federal match can only be programmed in the STIP if PTA capacity is available for such projects. The match must be provided from a non-STIP source if no PTA capacity is available.

The Commission's continuing intent is for rehabilitation projects, excluding maintenance, on the local streets and roads system to remain eligible for funding in the STIP. Proposed projects on local highways functionally classified as a local or rural minor collector (nonfederal-aid eligible) are also eligible for STIP funding. However, programming of projects on nonfederal-aid eligible routes shall be limited to the availability of state-only funding as determined by the Commission.

Pursuant to Streets and Highways Code Section 100.15, any new capacity increasing project or a major street or highway lane realignment project proposed in an RTIP and ITIP shall demonstrate that reversible lanes were considered for the project. The lead agency shall demonstrate that reversible lanes were considered when submitting the project's environmental documents for consideration of future funding.

30. Federalizing Transit Projects

In accordance with Federal statutes and regulations, federal highway funds programmed for transit projects must be transferred from the Federal Highway Administration to the Federal Transit Administration (FTA) for administration when the project or project component is ready to be implemented. To facilitate the transfer and timely use of funds, the Commission encourages the implementing agency or fund applicant to submit grant applications to the FTA requesting a grant number and tentative approval of project eligibility prior to requesting Commission allocation of funds.

Transit-related projects such as parking structures and multi-modal stations should also be transferred to the FTA for administration. However, a transfer is unnecessary on an exception basis when FHWA agrees to administer the funds and the grant application. Proposed exceptions should be discussed and agreed to with Caltrans and FHWA before programming the project in the STIP and documented in the PSR equivalent and ePPR.

31. Increased STIP Funding Participation

An RTIP may propose, from the county share, to increase a project's STIP funding to replace local funding already committed, provided the local funding has not been. It will not be expended or encumbered under contract before the Commission allocates STIP funds. The proposal will include the revised basis for cost sharing, as Section 54 of these guidelines specifies.

In those instances when a regional agency seeks additional STIP funding for a previously programmed project and the projected funding increase exceeds any increase in the estimated cost of that project, the board of such regional agency, by resolution of a majority of board members, shall declare in writing that the increase in the STIP funding is <u>not</u> for "back-filling" other non-STIP funds previously committed to the capital project which have already been, or in the future will be, redirected to non-capital activities and purposes.

32. Pooling of County Shares

Two or more regional agencies may agree to consolidate their county shares for two consecutive county share periods into a single county share for both periods. A pooling agreement will become effective for a county share period if each regional agency adopts a resolution incorporating the agreement and submits it to the Commission with its RTIP. Similarly, SACOG may pool the shares of any counties in its region by adopting a resolution and submitting it with its RTIP.

As an alternative to pooling, two regional agencies may agree to accomplish the same purpose by loaning a specified dollar amount from one region's county share to the other during a STIP period, with the loaned amount to be returned in the following county share period. In its RTIP, a regional agency may also propose to contribute all or a portion of its current county share for the programming of a project in another county.

The Metropolitan Transportation Commission may pool its county shares for a STIP period by adopting a resolution and submitting it with its RTIP, provided that the amount of any county share advanced or reserved is not more than 15 percent of the county share identified in the Fund Estimate.

33. Consistency with Land Use Plans and Congestion Management Programs

Projects included in the regional program shall be consistent with the adopted regional transportation plan, and where applicable, the Sustainable Communities Strategy, which state law requires to be consistent with federal planning and programming requirements. The federal requirements (23 U.S.C. 134) include factors to be considered in developing transportation plans and programs, including the likely effect of transportation policy decisions on land use and development and the consistency of transportation plans and programs with the provisions of all applicable short- and long-term land use and development plans.

Congestion Management Programs (CMP) prepared by counties not electing to be exempt from CMP requirements pursuant to Section 65088.3 of the Government Code shall be incorporated by the Regional Agency into the appropriate RTIP before its adoption and submittal to the Commission, pursuant to Government Code Section 65089.2. Projects included in the adopted RTIP shall be consistent with the CMP's capital improvement program. Projects not in the approved CMP shall not be included in the RTIP unless identified and listed separately.

V. INTERREGIONAL IMPROVEMENT PROGRAM

34. General

The interregional improvement program consists of STIP projects funded from the interregional program share, which is 25% of new STIP funding. Caltrans will nominate a program of projects for the interregional share in its Interregional Transportation Improvement Program (ITIP). The interregional program has two parts:

(a) The first part, funded from up to 10% of new STIP funding, is nominated solely by Caltrans in the ITIP. It is subject to the north/south 40%/60% split and otherwise may include projects anywhere in the State. The projects may include State highway, intercity passenger rail, mass transit guideway, or grade separation projects. Non-capital costs for transportation system management or transportation demand management may be included where Caltrans finds the project to be a cost-effective substitute for capital expenditures.

(b) The second part, funded from at least 15% of new STIP funding, is not subject to the north/south split. It is limited to intercity rail projects (including Amtrak feeder bus, interregional commuter rail, and grade separation projects) and to improvements outside urbanized areas on interregional road system routes (which are specified in statute). At least 15% of the 15% (or at least 2.25% of new STIP funding) must be programmed for intercity rail projects, including interregional commuter rail and grade separation projects.

Under restricted circumstances, an RTIP may also recommend a project for funding from the second part, described in paragraph (b). See Section 37 of these guidelines.

35. Interregional Program Objectives

The Commission envisions an interregional improvement program that works toward the achievement of the following objectives:

1. Provide access for people and goods to and through all regions of California.
2. Ensure the interregional transportation system is reliable and efficient for moving people, goods, services, and emergency response.
3. Develop and operate a safe interregional transportation system for all travelers by improving public safety and security.
4. Optimize multi-modal connectivity throughout the interregional transportation system for all people.
5. Improve interregional connectivity to enhance California's diverse economy.
6. Improve and manage California's interregional transportation system in an environmentally sensitive, economical, and equitable manner that fosters livable and healthy communities and promotes social equity.
7. Ensure that the proposed investments align with CAPTI and are made in collaboration with local and regional partners.

The Caltrans draft and final ITIP shall be consistent with the ITSP prepared as required by Government Code sections 14524.4(a) and 14524.4(b). The ITSP should address the development of multi-modal corridors, including both the interregional road system and intercity rail in California, and it should define a strategy that extends beyond the STIP. The ITIP shall describe how proposed projects relate to the ITSP and how the proposed projects would implement the objectives listed above. The Commission will evaluate the ITIP and any regional recommendations for the interregional program in light of these objectives, the ITSP, and CAPTI.

The interregional improvement program will include State highway and rail projects (potentially including mass transit guideway and grade separation projects).

For State highways, the interregional program should emphasize an interregional transportation system that provides:

- Access to and through or around all regions of California; and
- Access to California's major interstate and international gateways, including interstate and international border crossings, international airports, and seaports.

The Commission expects the identification and selection of State highway projects for the interregional program to be based on consideration of cost in relationship to the following benefits, with higher priority given to projects with greater net benefit for the investment made:

- Traffic safety, including the potential for reducing fatalities and injuries;
- Reduced travel time and vehicle operating costs for interregional travel;
- Economic benefits to California of expanding interregional commerce through faster and more reliable access between markets;
- Economic benefits to California of expanding interstate and international trade and commerce through faster and more reliable access to California's international airports and seaports; and
- Ability to mitigate adverse environmental impacts.

Commerce includes the movement of people and goods for any economic purpose. It may include extractive industries (such as mining, agriculture, or timber) or recreation.

Projects where investments have been made and have not been completed, to the extent the benefits remain or have increased, Caltrans shall prioritize these projects over new projects to complete the corridor.

There is no expectation that STIP interregional improvements will be evenly spread across the State, and spreading funding among regions is not a Commission objective for the interregional program. The Commission encourages Caltrans and smaller regions (generally with populations less than 250,000) to consider and seek partnerships to jointly fund projects on the interregional road system for the mutual benefit of the region and the state.

For rail, the interregional program should emphasize:

- The preservation and improvement of the existing system of State-sponsored intercity passenger rail and Amtrak feeder bus routes, including compliance with safety and accessibility standards and protection of the State's investment in equipment;

- The reduction of the system’s dependence on State operating subsidies;
- The improvement of other passenger rail access between major urban centers, airports, and intercity rail routes that support implementation of the state’s rail plan;
- The use of rail grade separations to improve service reliability for both intercity passenger rail and interregional goods movement; and
- coordination and connectivity with the State’s planned high-speed rail system.

The Commission expects the identification and selection of rail capital projects for the interregional program (including Amtrak feeder bus, interregional commuter rail, and grade separations) to be based on consideration of cost in relationship to the following benefits, with higher priority given to projects with greater net benefit for the investment made:

- reduced intercity rail running times and operating costs (which may increase demand and reduce the need for operating subsidies);
- improved intercity rail schedule frequency and reliability (which may increase demand and reduce the need for operating subsidies); and
- economic benefits to California of promoting trade and commerce by creating faster and more reliable highway or rail access to markets, including access to California’s international airports and seaports.

<u>Caltrans and the Commission may evaluate a project as part of a series of related projects in the same location or corridor for either highways or rail</u>. The evaluation may consider the costs and benefits of the projects as a group. All projects in the group should be included in the ITSP as priorities for near-term funding, whether or not proposed for the STIP.

Where a potential interregional program project may provide substantial local benefits, dividing costs between the regional and interregional programs is appropriate. In this case, the project's evaluation for the interregional program should be based on the interregional program cost share in relation to the benefits described in this section.

Pursuant to Streets and Highways Code Section 100.15, any new capacity increasing project or a major street or highway lane realignment project proposed in an RTIP and ITIP shall demonstrate that reversible lanes were considered for the project. The lead agency shall demonstrate that reversible lanes were considered when submitting the project’s environmental documents for consideration of future funding.

36. Submittal of Caltrans ITIP

After consulting with regional agencies and other local transportation authorities, Caltrans shall submit its draft ITIP to the Commission no later than October 15 of each odd-numbered year. Two hearings, one in the south and one in the north, will be held by November 15 to provide the opportunity for public input regarding projects proposed in the ITIP. Caltrans shall submit its final ITIP, including a summary of the major comments received at the hearings and responses to those comments, to the Commission no later than December 15 of each odd-numbered year. At the same time, Caltrans will transmit a copy of the ITIP to each regional agency. The ITIP will include programming proposals from the interregional share for the five-year STIP period. These proposals may consist of new projects, program reserves, changes to prior STIP interregional program projects, and the interregional share of proposals for jointly funding new projects or cost increases from county and interregional shares.

The ITIP shall include, for each proposed project, information (including assumptions and calculations) to support an objective analysis of interregional program priorities. That information, based on the project study report, shall include:

- an estimate of total project costs, including mitigation costs and support costs;
- an estimate of the time of completion of project construction;
- an estimate of annual project benefits (at project opening) due to vehicle time savings and vehicle operating costs;
- for road projects, an estimate of annual project benefits (at project opening) due to reductions in fatalities and injuries;
- for rail or Amtrak feeder bus projects, an estimate of the project's impact on ridership and the need for operating subsidies;
- a discussion of the proposed project's impact on other projects planned or underway within the corridor; and
- a description of how the project would implement the interregional strategic plan, including a description of its impact on California's economic growth, the interregional distribution of goods, and the environment; and
- for every new project proposed for funding, or a carry-over project with cost changes, a cost-benefit analysis using the California Life-Cycle Benefit/Cost analysis must be included.
- A discussion describes how community engagement was performed and the benefits the project will achieve once implemented. The discussion should include potential negative impacts and how these will be mitigated.

Caltrans should consider nominating, in the ITIP, preconstruction funding for projects that Caltrans intends to propose for one of the competitive programs created under the Road Repair and Accountability Act of 2017 (SB 1).

Caltrans should consider fast-tracking new CAPTI-aligned project nominations in early planning phases. This will be done in collaboration with local and regional partners and be in addition to the need to continue funding for existing ITIP projects.

The ITIP will be posted on the Department's website, with the link provided to the Commission.

37. Regional Recommendations for the Interregional Program

A regional agency may, in its RTIP, recommend improvements outside urbanized areas on interregional road system routes for funding from the interregional share. Interregional road system routes are defined in statute at Streets and Highways Code Sections 164.10 to 164.20, inclusive. By statute, the Commission may program a regional recommendation for the interregional program only if the Commission "makes a finding, based on an objective analysis, that the recommended project is more cost-effective than a project submitted by [Caltrans]." The Commission cautions regions, especially those with priority needs in both urbanized and non-urbanized areas, that non-urbanized area projects of highest regional priority should be proposed in the RTIP from the county share. The interregional program is not a nonurbanized area program, and the Commission does not intend to use the interregional program to meet most State highway needs in nonurbanized areas. The Commission anticipates programming regional recommendations for funding from the interregional program only when a recommended project constitutes a cost-effective means of implementing the Interregional Transportation Strategic Plan (see Section 35 of these guidelines).

Any regional recommendation for the interregional program shall be made in the RTIP and separate and distinct from the RTIP proposal for programming from the county share(s). Each project nominated in this way must constitute a usable segment of highway. The nomination must be to fund the project fully through the interregional program. The nomination may not be part of a proposal for joint funding between the regional and interregional programs. Joint funding proposals may be made only in concert with Caltrans, with the region proposing the county share in its RTIP and Caltrans proposing the interregional share in the ITIP.

An RTIP proposal for interregional funding should be accompanied by information (including assumptions and calculations) to support the objective analysis that the Commission must make before it can program the project. That information, based on the project study report, shall include:

- an estimate of total project costs, including mitigation costs and support costs;
- an estimate of the time of completion of project construction;
- an estimate of annual project benefits (at project opening) due to vehicle time savings and vehicle operating costs;
- for road projects, an estimate of annual project benefits (at project opening) due to reductions in fatalities and injuries;
- for rail or Amtrak feeder bus projects, an estimate of the project's impact on ridership and the need for operating subsidies;
- a discussion of the proposed project's impact on other projects planned or underway within the corridor; and
- a description of how the project would implement the interregional strategic plan, including its impact on California's economic growth, the interregional distribution of goods, and the environment.

In addition, an RTIP proposal for interregional funding must include a cost-benefit analysis using the California Life-Cycle Benefit/Cost Analysis.

38. Regional Transportation Plan

Projects included in the interregional program shall be consistent with the relevant adopted regional transportation plan(s) and, where applicable, the sustainable communities strategy.

39. Interregional Highway and Intercity Rail Needs

The ITIP shall identify projects that have previously received ITIP funds for pre-construction phases in the last ten years but have not been fully funded through construction.

Each interregional highway and intercity rail investment proposed in the ITIP must include a discussion of how the proposed investment is informed by the most recently approved Interregional Transportation Strategic Plan and how the proposed investments are meeting the need(s) identified in a corresponding corridor plan and the approved Interregional Transportation Strategic Plan.

Robust planning efforts must ensure that proposed investments maximize benefits, including benefits to equity, safety, multimodal travel choices, congestion relief, goods movement, ability to support evacuation, and adaptation to climate change. The Department shall provide, annually by December 31st, an update on system needs across all corridors encompassing the following facilities:

- State highways that are specified in Streets and Highways Code Sections 164.10 through 164.20
- Intercity passenger rail systems

The update should include the status of comprehensive multimodal corridor efforts led by the Department.

40. Active Transportation Projects in the ITIP

Caltrans should consider incorporating complete street elements, where applicable, into all projects proposed for funding. Complete street elements include elements that improve safety for all users, including people using bicycle and pedestrian facilities.

Where a proposed project on the state highway system is connected to a local transportation facility, the Commission encourages partnership with the regional agency to incorporate complete streets.

Caltrans may propose standalone active transportation projects in the ITIP if they improve or enhance interregional movement of people and goods. Examples include:

- First/Last mile connections to the intercity rail or multi-region bus systems.
- Bicycle highways that cross multiple regions along the interregional road system.
- Projects that complete a multi-use trail that crosses multiple regions.

41. Projects and Reserves

The ITIP shall include a complete proposal for the programming of the STIP interregional share which complies with the various statutory restrictions, including: the two parts described in Section 34 of these guidelines (the 10% and 15% parts), the north/south split of the first part, and the 2.25% intercity rail minimum of the second part. Any portion of the interregional share not proposed for a specific project may be proposed as a reserve for future programming. This may include reserves of any kind, including a proposal to reserve a portion of the interregional share for the next share period to free up funding for county share advances.

VI. ADVANCE PROJECT DEVELOPMENT ELEMENT

42. Fund Estimate for Advance Project Development Element

Each fund estimate will identify an amount available pursuant to subdivision (c) of Section 14529.01 of the Government Code for the STIP Advance Project Development Element (APDE), with county and interregional shares identified separately. These APDE amounts are independent of the amounts identified as regular programming capacity.

43. Programming of APDE County and Interregional Shares

Regions and Caltrans may propose projects from their respective county and interregional APDE shares in the RTIPs and ITIP, and they may propose joint regional and interregional APDE funding for a project. The proposal and adoption of projects will be the same as for other STIP projects, except that projects to be programmed through the APDE are limited to the two STIP project development components: (1) environmental and permits, and (2) plans, specifications, and estimates. Projects may not be programmed through the APDE if they are simultaneously programmed to acquire right-of-way (including support) or construct from regular STIP programming capacity. Project development work already programmed in the STIP may not be shifted to the APDE.

44. Program Year

APDE projects will be proposed for programming, adopted into the STIP, and allocated like other projects programmed in the STIP's five fiscal years. APDE local projects, when programmed, are subject to the STIP's timely use of funds provisions.

45. Program Amendments

APDE projects may be amended into the STIP at any time in the same manner as other STIP amendments. The amendments will identify the county or interregional APDE share from which the projects will be funded.

46. Effect on Regular County and Interregional Shares

APDE programming will be treated as an advance of the regular future county or interregional share. However, every county, including a county in a region with a population of over one million, is eligible for APDE programming. If all or a portion of any county or interregional APDE share is not programmed, that amount will become available to program for any STIP purpose in the next STIP. Amounts programmed in the current STIP from an APDE share will be deducted from the regular county or interregional share for the next STIP. The Fund Estimate for the next STIP will include a new APDE fund estimate with new county and interregional APDE shares.

47. APDE Shares May Not Be Exceeded

The programming of a county or interregional APDE share may not exceed the amount identified in the Fund Estimate. A county or interregional APDE share may not be loaned or advanced. However, regional agencies agreeing to pool their regular county shares (Section 32 of these guidelines) may also pool their APDE shares. Any region may program project development work from its regular STIP county share.

VII. DISPLAY OF PROJECT DESCRIPTIONS AND COSTS

48. Project Description

Each new or carryover project proposed for programming in the STIP shall include the following information:

(a) The name of the agency responsible for project implementation.
(b) The project title, including a brief nontechnical description of the project location and limits (community name, corridor, street name, etc.), and a phrase describing the type and scope of the project. By definition, the Commission will regard the limits for a rehabilitation project on local streets and roads, including adjacent or nearby streets and roads, thus providing greater flexibility in project scope.
(c) A Caltrans-provided unique project identification number (PPNO).
(d) The route number and post-mile limits should be identified for projects on the State highway system. GPS coordinates (longitude and latitude) and cross streets should be identified for local projects not on the state highway system.
(e) The delivery schedule for each of the project's milestones.
(f) Any appropriate funding restriction or designation, including projects eligible for Public Transportation Account funding, projects requiring state-only funding, or projects requiring Federal funds. Agencies proposing projects requiring state-

only funding (including local street and road projects not eligible for federal aid) should recognize that the availability of state-only financing may be limited.

(g) New and carryover projects shall include the current funding plan, including the total project cost and the source and amounts of local or other non-STIP funds, if any, committed to the project.
(h) A map showing the project location and corridor.
(i) The legislative districts where the projects are located.
(j) The project's identification or page number as reflected in the RTP.

49. State-only Funding

All projects must follow the Federal-Aid Funding Guidelines adopted by the Commission for state-only funding. The Commission will assume that all projects will be qualified for Federal transportation funding unless the RTIP or ITIP designates otherwise. Whenever a region designates a project to be programmed for State-only (non-Federal) funding, the RTIP will explain the reason for this designation. The Commission will not program a state highway project for state-only funding without consulting with Caltrans. Projects programmed without state-only funding designation and later proposed for state-only funding allocations will be subject to Caltrans's recommendation for exception to federal funding prior to Commission approval as described in Section 69 of these guidelines.

50. Fact Sheets

All regions and Caltrans shall submit a one- or two-page fact sheet with their respective RTIP and ITIP. The fact sheet shall include:

(a) An executive summary of the RTIP and ITIP highlighting the region and the State’s top priorities.
(b) A summary of the most significant benefits the proposed investments will provide to the region(s), including the community's safety, environment, equity, and economic benefits.
(c) For the regions, a description of how the RTIP is advancing the goals and objectives of the Regional Transportation Plan and, where applicable, the Sustainable Communities Strategy.
(d) For Caltrans, a description of how the ITIP is advancing the goals and objectives of the ITSP.
(e) A description of how the RTIPs and the ITIP align with the State’s goals. If a region has prepared a Comprehensive Multimodal Corridor Plan, a Bicycle Plan, or any other regional plans, include a discussion of the RTIP’s consistency with those plans. Similarly, for Caltrans, the fact sheet should be consistent with the ITIP’s plans, which Caltrans may have prepared.
(f) The agency’s logo.

The fact sheet will be posted on the Commission’s website and must comply with state and federal web accessibility laws and standards.

51. STIP Database

Caltrans is responsible for developing, upgrading, and maintaining an electronic database record of the adopted STIP and Commission actions that amend the STIP. Caltrans will provide the Commission and the regional agencies with appropriate access to the STIP database to facilitate the STIP's development, analysis, and management.

52. Cost Estimates for Project Components

For each project proposed for programming, the RTIP or ITIP shall list costs separately for each of the four project components:

(1) environmental studies and permits;
(2) preparation of plans, specifications, and estimates,
(3) right-of-way, and
(4) construction.

The RTIP or ITIP shall list separate costs for Caltrans support and capital outlay for the right-of-way and construction components on Caltrans-implemented projects. This brings the total to six (6) project cost components for Caltrans projects.

For each project component, the amount programmed shall be escalated to the year proposed for programming, based on the current cost estimate updated as of November 1 of the year the RTIP or ITIP is submitted. The standard escalation rate for the STIP shall be the rate specified in the fund estimate for the STIP. Caltrans or a region may use alternative escalation factors for right-of-way or other costs deemed appropriate. STIP costs and non-STIP costs will be displayed separately. For Caltrans-implemented projects programmed in an RTIP, Caltrans shall provide the region with cost updates at least 90 days prior to the date RTIPs must be submitted to the Commission.

When project design, right-of-way, or construction is programmed before the sponsoring agency completes the environmental process, updated cost estimates shall be submitted in the RTIP or ITIP in the STIP cycle following completion of the environmental process. Cost estimates for project components that are programmed and not allocated shall be updated, as needed, based on the most current cost information during every STIP cycle.

Where a project or project component will be funded from multiple county shares or jointly from the interregional and county shares, the amounts programmed from the different shares will be displayed separately. Amounts programmed for any component shall be rounded to the nearest $1,000. For jointly funded projects, the county share or ITIP share contribution programmed for a component shall each be rounded to the nearest $1,000.

53. Authority and Responsibility

For projects on the State highway system, only cost estimates approved by the Caltrans Director or by a person authorized by the Director to approve cost estimates for programming will be used. Only cost estimates approved by the Chief Executive Officer or other authorized officer of the responsible local implementing agency will be used for other projects.

54. Basis for Cost Sharing

Where a project or project component is to be funded from both STIP and non-STIP sources, the ePPR submitted with the RTIP or ITIP shall indicate whether the programming commitment is for a particular dollar amount, a particular percentage of total project cost, or a particular element or item of work. For projects with SHOPP funding, the RTIP shall discuss the SHOPP-eligible components and their current condition.

Where a project or project component is to be jointly funded from the interregional share and a county share or funded from multiple county shares, the ePPR submitted with the RTIP and/or ITIP shall indicate the basis for apportioning cost increases or decreases between the shares. The Commission must approve any changes after adopting the cost-sharing distribution.

Without an alternate cost-sharing arrangement approved by the Commission at the time of allocation, project costs, including increases and savings, will be apportioned in the same percentages as programmed.

Where a project is funded from both STIP and non-STIP sources, and where the Commission has approved non-proportional spending allowing for the expenditure of STIP funds before other funds, (sometimes referred to as sequential spending), the project is not eligible for an increase (supplemental) allocation under the authority delegated to Caltrans by Commission Resolution G-12 until all other funds committed to the project have been expended.

Where a project is delivered using an alternative delivery method (e.g., public-private partnership), with operation and maintenance included, the operation and maintenance shall not be funded from the STIP or subject to the cost-sharing requirements of this section.

All funding agreements must be consistent with the STIP Guidelines.

55. Program Year for Cost Components

The cost of each project component will be listed in the STIP no earlier than the state fiscal year in which the project component can be delivered, as described below.

(a) Project development

(1) Local agency project development costs for environmental studies and permits will be programmed in the fiscal year during which environmental studies will begin. The fiscal year during which the draft environmental document is scheduled for circulation will be identified in the STIP. Costs for the preparation of plans, specifications, and estimates will be programmed in the fiscal year during which this work will begin. Where appropriate, local agency costs for environmental studies and design may be listed in different fiscal years.

(2) Caltrans project development costs for environmental studies and permits will be programmed in the fiscal year during which the environmental studies begin. Caltrans shall not begin environmental studies until the fiscal year in which project development costs for environmental studies and permits are programmed. The fiscal year during which the draft environmental document is scheduled for circulation will be identified in the STIP. Costs for preparing plans, specifications and estimates will be programmed in the fiscal year during which this work will begin. Caltrans shall not begin preparing plans, specifications, and estimates until CEQA and NEPA (if applicable) are completed and until the fiscal year in which project development costs for preparing plans, specifications, and estimates are programmed.

Caltrans may not begin preconstruction work on a project earlier than the year in which that project component is programmed unless funding becomes available through the delay of other STIP projects. The Commission must approve this through a STIP amendment specified in Section 75 or a time extension defined in Section 74.

Caltrans will report, outside the STIP, on year-by-year expenditures for project development components.

(b) Right-of-way

Right-of-way costs, including Caltrans support costs, will be programmed in the fiscal year during which right-of-way acquisition (including utility relocation) contracts will first be executed.

(c) Construction

Construction costs, including Caltrans construction support costs, will be programmed in the fiscal year during which construction contracts will be advertised or, for Caltrans-implemented projects, when the Ready to List milestone is achieved. All construction costs in or related to a single construction contract should be listed in one fiscal year, regardless of the time construction costs will be paid. Projects requiring separate construction contracts should be listed separately for the STIP, even if they are corridor projects grouped for project development and right-of-way programming, as described in Section 63 of these guidelines.

56. Escalation Adjustments

All projects will count against share balances based on their fully escalated (inflated) costs. All project RTIP and ITIP nominations shall therefore be at costs escalated to the year project delivery is proposed (see Sections 52 and 55 of these guidelines). Cost estimates for project components that are programmed and not allocated shall be updated, as needed, based on the most current cost information during every STIP cycle. A revised ePPR (per Appendix A) shall be submitted for every updated project. Commission staff may make further escalation adjustments, in consultation with Caltrans and regions, to make its staff recommendations and develop the STIP (see Section 68 of these guidelines). Ordinarily, the Commission will apply escalation adjustments only to Caltrans construction costs, not to right-of-way, project development, or local projects.

57. Prior Costs for Grandfathered 1996 STIP Projects

For every Caltrans project carried forward to the 1998 STIP, Caltrans will identify the amount of its expenditures for right-of-way (including support) and project development through the 1997-98 fiscal year. When added to the amounts remaining and programmed for the 1998 STIP period, these amounts will establish the project component base cost for share balance tabulations and adjustments, as described in Sections 58-64 of these guidelines. All other cost changes will be drawn from or credited to the appropriate regional share. In the ITIP, Caltrans shall report on the budgets for all ongoing grandfathered 1996 STIP projects. This reporting shall include a comparison of actual expenditures to project budgets as reported in the 2012 ITIP.

VIII. SHARE BALANCES AND ADJUSTMENTS

58. Long-term balances

With assistance from Caltrans and regional agencies, the Commission will maintain a long-term balance of county and interregional shares, as specified in Streets and Highways Code Section 188.11. The Commission will calculate the cumulative share balances as of the end of the preceding fiscal year and make them available for review by Caltrans and regional agencies by August 15 each year.

59. Local Projects

For share balances, the Commission will allocate the costs counted for local projects (all project work not implemented by Caltrans).

The Commission may approve a downward share adjustment to reflect the voted allocation if the construction contract award allotment is less than 80 percent of the engineer's final estimate. The regional agency should make its request by letter to the Commission no later than three months after the construction contract award date.

No adjustment will be made after the allocation vote for any amount not expended by the local agency. To provide a degree of flexibility to local agencies in administering projects, allocated funds may be shifted between project components to accommodate cost changes within the following limits:

- That agency may also expend any amount allocated to a local agency for environmental studies and permits for plans, specifications, and estimates. Any amount allocated to a local agency for plans, specifications, and estimates may also be expended by that agency for environmental studies and permits.
- Additionally, a local agency may expend an amount allocated for project development, right of way, or construction for another project phase, provided that the total expenditure shifted to a phase in this way is no more than 20 percent allocated for either phase. This means that the amount transferred by a local agency from one phase to another may be no more than 20 percent of whichever of the phases has received the smaller allocation from the Commission.

Shifting allocated funds between components will not impact county share balances, based on the actual amounts allocated for each component.

60. Construction

For share balances, the costs counted for Caltrans construction projects are the engineer's final estimate presented to the Commission for allocation vote.

At the request of Caltrans and with the approval of the regional agency for the county share, the Commission may approve a downward share adjustment of the allocation vote if the construction contract award allotment is less than 80 percent of the engineer's final estimate. The Department, with the approval of the regional agency, when necessary, should make its request by letter to the Commission no later than three months after the construction contract award date.

No other adjustment will be made after the allocation vote for the award amount or for changes in expenditures, except where the Commission votes a supplemental allocation during or following construction. No share adjustment will be made for supplemental allocations made by Caltrans under the authority delegated by Commission Resolution G-12, except that when a Commission supplemental vote is larger than it otherwise would have been because of a prior G-12 rescission (negative G-12) made by Caltrans, the effect of the negative G-12 will be excluded when counting the Commission's supplemental vote for share balances. The programmed amount will be counted when a project has not been voted.

61. Construction Support

For share balances, the costs counted for Caltrans construction support are the amount identified and presented to the Commission for the allocation vote. No other share adjustment for cost differences less than 120% of the Commission's original allocation will be made. No adjustment will be made for supplemental allocations made by Caltrans under the authority delegated by Commission Resolution G-12. For costs equal to or greater than 120% of the Commission's original allocation, the Commission shall require a supplemental allocation, the full amount of which shall be counted for purposes of share balances.

62. Right-of-Way

For sharing balances, the costs counted for right-of-way on Caltrans implemented projects, including right-of-way support costs, are the amounts programmed for right-of-way in the STIP. No adjustment will be made for cost differences within 20 percent of the amount programmed for right-of-way reported at the time of construction allocation and/or contract acceptance. This flexibility is intended to facilitate the tracking of share balances and is not intended to be permission to overspend a project budget.

For Caltrans projects that achieve right-of-way certifications 1 or 2 at the time of Commission construction allocation, costs will be counted at the time of the vote. For Caltrans projects with a right-of-way certification other than 1 or 2, the reporting of the final estimate may be deferred until the right-of-way certification is updated. In no case shall this deferral exceed 12 months.

To encourage accurate estimates and minimize the manipulation of share balances, the Commission will consider STIP amendments for Caltrans implemented project right-of-way costs only in conjunction with the statewide review of right-of-way costs in the annual right-of-way plan.

63. Project Development

For share balances, the costs counted for Caltrans project development are the amounts programmed for environmental studies and permits, and preparing plans, specifications, and estimates. No adjustment will be made for cost differences within 20 percent of the amount programmed for project development at the time of construction allocation. This flexibility is intended to facilitate the tracking of share balances and is not intended to be permission to overspend a project budget. To encourage accurate estimates and minimize the manipulation of share balances, the Commission will consider STIP amendments for project development only when the change in total project development costs is 20 percent or more or when changes in project development costs are the result of STIP amendments to change the scope of the project.

64. Federal Earmark Funds

Federal funds earmarked for specific projects that are not subject to federal obligation authority or are accompanied by their obligation authority, either individually or by project group, are not included in the Fund Estimate or programmed in the STIP. Because these funds are made available outside the STIP, they do not count against county or interregional shares. Suppose the sponsor or implementing agency for the earmarked project seeks RTIP or ITIP funding to match the federal earmark funds or to complete funding for the project. In that case, the project becomes a STIP project, and the earmark funds are treated as non-STIP funds.

If federal earmark funds become available for projects already programmed in the STIP, the earmark funds may be used in one of three ways:

(1) If the STIP project is not fully funded, the earmark funds may be used to help fully fund the project.

(2) If the project is fully funded, the earmark funds may increase its scope or supplement the state or local funds already committed to the STIP project.

(3) If earmark funds supplant committed funds, the beneficiary of the tradeoff will be as follows:
- (a) For projects funded with county or local funds, the county share and/or local funds will be credited with the benefit.
- (b) For projects funded with interregional share funds, the interregional share will be credited with the benefit.
- (c) For jointly funded projects, the interregional share, the county share, and/or the local fund will each be credited with the benefit in proportion to their respective funding commitments in the STIP project.

The Commission advises sponsors and implementing agencies for earmark projects that earmark funds are limited in availability for each specified project, or for groups of projects, to annual obligation authority and annual allocation percentages specified in federal statutes. This means that the full amount of federal earmark funds specified in federal statute may not be available for the project at planned implementation. These limitations shall be considered when determining the amounts of earmarked funds available for the options described in the previous two paragraphs.

IX. COMMISSION ACTION AND ADOPTION

65. Commission Action on RTIP Proposals

The Commission will include all RTIP projects nominated from the county share for the four-year share period that ends during the current STIP (i.e., the period ending in 2030-31 for the 2026 STIP) unless the Commission finds that (a) the RTIP is not consistent with these guidelines, (b) there are insufficient funds to implement the

RTIP, (c) there are conflicts with other RTIPs or with the ITIP, (d) a project is not in an approved CMP or is not included in a separate listing in the approved RTIP as provided by Government Code 65082*,* or (e) the RTIP is not a cost-effective expenditure of State funds. In making its finding, the Commission will consider the cost-effectiveness evaluation of the RTIP submitted by the region as required in Section 19 of these guidelines. If a region nominates only projects with uncommitted funds (see Section 16) for the four-year share period that ends during the current STIP, the Commission may view the RTIP as not a cost-effective use of state funds if there is a significant risk of the projects not receiving the funding commitments. The Commission may also evaluate based on the criteria in Section 19 of these guidelines. If the Commission makes one of those findings, it may entirely reject the RTIP. For the six (6) county SCAG area, the Commission will incorporate or reject each county's RTIP separately. For MTC and SACOG, the Commission will incorporate or reject the multicounty RTIP. For counties that pool county shares, the Commission will incorporate or reject the counties' RTIPs together.

If the Commission proposes to reject an RTIP, it will provide notice to the regional agency not later than 60 days after the date it receives the RTIP. The Commission's Executive Director may provide the notice by letter; the notice does not require formal Commission action. The notice will specify the factual basis for the proposed rejection. The Commission will act on the proposed rejection of an RTIP no later than the adoption of the STIP. No later than 60 days after the Commission rejects an RTIP, it will hold a public hearing on the RTIP in the affected region unless the regional agency proposes to waive the hearing and submit a new RTIP. Whenever the Commission rejects an RTIP, the regional agency may submit a new RTIP. Unless the new RTIP is rejected in the same manner, it will be incorporated into the STIP as a STIP amendment. This amendment will not require a separate 30-day public notice if the new RTIP is limited to projects considered in the STIP hearings or a public hearing on the proposed RTIP rejection.

The Commission may also program projects proposed in the RTIP for funding from the estimated county share for the four-year share period that extends beyond the current STIP (in the 2026 STIP, this is the share period ending 2031-32) or from advances against future share periods. A decision by the Commission not to program any of these proposed projects does not constitute or require a rejection of the RTIP. Any portion of the county share for the four-year period not programmed in the current STIP will remain available for programming within the same period in the following STIP.

66. Commission Action on Advances and Reserves

In selecting projects for funding beyond the county share for the share period that ends during the current STIP, including advances, the Commission intends to consider regional agency priorities and the extent to which each RTIP includes:

- Projects consistent with Governor’s Executive Order B-30-15 (based on documentation submitted in the RTIP).
- Projects implement a cost-effective RTIP, considering the evaluation submitted as required by Section 19 of these guidelines.
- Projects that complete or fund further components of projects included in the prior STIP.
- Grandfathered projects from the 1996 STIP.
- Projects within the corridor that meet identified State highway and intercity rail improvement needs as described in Section 24.
- Projects that leverage federal discretionary funds.
- Projects that leverage discretionary local funds that would otherwise not be spent on a transportation-related purpose.
- Projects that provide regional funding for interregional partnership projects.

If the Commission approves a region’s request to advance an amount beyond its county share for the four years to program a larger project, the advance will be deducted from the county share for the following county share period. Suppose the Commission does not approve the advance and does not program the project or project components that the RTIP proposed to program with the advance. In that case, the Commission will reserve any portion of the county share left unprogrammed until the next STIP. This action will not require a rejection of the entire RTIP.

An RTIP request to reserve part or all of a county share until the next STIP or county share period will free up current period funding that the Commission may use to advance county shares in other counties. With Caltrans's consent, the Commission may also consider advancing county shares by reserving a portion of the interregional share until the next county share period.

67. Commission Action on Interregional Program

The Commission will program the interregional share of the STIP from projects nominated by Caltrans in its ITIP or alternative recommendations made by regions in their RTIPs. By statute, the Commission may program a regional recommendation for the interregional program only if the Commission “makes a finding, based on an objective analysis, that the recommended project is more cost-effective than a project submitted by [Caltrans].” The Commission may decline to program any project it finds inconsistent with these guidelines or not a cost-effective expenditure of State funds. In making its finding, the Commission will consider the cost-effectiveness evaluation of the ITIP submitted by Caltrans as required in Section 19 of these guidelines. The Commission may also evaluate based on the criteria in Section 19 of these guidelines. After a review of the nominated projects, the Commission may elect to leave a portion of the interregional share unprogrammed and reserved for later interregional programming or, with the consent of Caltrans, may reserve a portion of the interregional share for the next share period to free up funding for county share advances.

68. STIP Respreading of Projects

The Commission may program projects, project components and project reserves in fiscal years later than the fiscal years proposed in the RTIP or ITIP if the Commission finds it necessary to do so to ensure the total amount programmed in each fiscal year of the STIP does not exceed the amount specified in the fund estimate as required by Section 14529(e) of the Government Code. In that case, the Commission will compare all projects nominated for the year(s) from which projects will be postponed, considering (1) regional priorities and the leveling of regional shares across the STIP period, and (2) the availability of PTA or other restricted funds by fiscal year.

X. STIP MANAGEMENT

69. Allocation of Funds

The Commission will consider allocating funds for a project or component when it receives an allocation request and recommendation from Caltrans. The Commission will only consider allocating construction and/or construction support funds to projects that are ready to advertise. For ready-to-advertise projects, the Commission expects Caltrans to certify that a project's plans, specifications, and estimate (PS&E) are complete, environmental and right-of-way clearances are secured, and all necessary permits and agreements (including railroad construction and maintenance) are executed. Projects not ready for advertisement will not be placed on the Commission's agenda for allocation approval. All construction allocations, *including rail equipment procurements*, are valid for six months from the date of allocation unless the Commission approves an extension (see Section 73 regarding timely use of funds).

When requesting an allocation of funds for the right-of-way or construction of a transit or intercity rail project in which the transit or rail operator will not own the improved facility, the request for allocation must be accompanied by a copy of the executed agreement with the facility owner that details the benefits the operator is to receive following the capital improvements.

All allocations will be made in units of $1,000, and all allocation requests shall therefore be in units of $1,000. The request will include determining funding availability and recommending the funding source. The recommendation on the source of funding shall consist of the amounts by fund account, i.e., State Highway Account, Public Transportation Account, or Federal Trust Fund, as well as the fund type within the account, including the type of federal funds. 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 the fund type available for a project will be made in the Commission's allocation of funds. The Commission will approve the allocation only if the funds are available and are necessary to implement the project as programmed in the STIP.

In compliance with Sections 21102 and 21150 of the Public Resources Code, the Commission may not allocate funds to local agencies for design, right-of-way, or construction before environmental clearance documentation under the California Environmental Quality Act (CEQA). As a matter of policy, the Commission will not allocate funds to local agencies for design, right-of-way, or construction of a federally funded project before environmental clearance documentation under the National Environmental Policy Act (NEPA). Exceptions to this policy may be made when federal law allows for the acquisition of right-of-way before completion of NEPA review.

All funds allocated are subject to the timely use of funds provision as described in Section 73 of these guidelines.

The Commission will consider making an allocation that exceeds the amount programmed in the STIP if a region or the interregional program has an adequate unprogrammed share balance or if the Commission finds it can approve an advance to the county share or to the interregional share. Unallocated amounts are available for allocation until the end of the fiscal year in which they are programmed in the STIP. Funds not allocated are subject to the timely use of funds provisions described in Section 73 of these guidelines.

If a project or project component is ready for implementation earlier than the fiscal year that it is programmed in the STIP, the implementing agency may request an allocation in advance of the programmed year. The Commission may allocate in advance of the programmed year if it finds that the allocation will not delay funding availability for other projects.

When a local agency (including a transit agency) is ready to implement a project or project component, the agency will submit a request to Caltrans. Caltrans will review the request, prepare appropriate agreements with the agency, and recommend the request to the Commission for action. After receipt of the application, the typical time required to complete Caltrans review, recommendation, and Commission allocation is 60 days. The specific details and instructions for the allocation, transfer and liquidation of funds allocated to local agencies are included in the Local Assistance Procedures for Administering Local Projects in the STIP prepared by Caltrans in consultation with the Commission and regional and local agencies. Allowable reimbursable costs are eligible for reimbursement only after the Commission approves the allocation.

70. Allocation of Right of Way Capital for Caltrans implemented projects

Pursuant to Commission Resolution G-01-09, the Commission delegated authority to Caltrans for sub-allocations and/or adjustment authority to streamline and help in the management of right of way. 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 the 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 annual Right of Way Capital Plan.

Beginning in fiscal year 2019-20 or later, projects programmed for right-of-way capital of $10 million or more, it must receive Commission approval for project-level allocations prior to expenditure of funds. If a project's right-of-way capital initially falls below this threshold but increases to $10 million or more, an individual project allocation will be required.

Caltrans will provide the Commission 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 also be included in the quarterly report. Any project identified by Caltrans as needing additional right-of-way capital after the Commission accepts the Right-of-Way Capital Plan will need to be highlighted in the quarterly report, including information on how the additional right-of-way costs will be managed.

71. Allocation of Alternative Delivery Methods

Projects using design-build, design-sequencing procurement, or Construction Manager/General Contractor (CMGC) delivery method shall be identified during programming or before allocation. The Commission will not allocate funds to a project using design-build, design-sequencing, or CMGC procurement without CEQA and NEPA (if applicable) clearance as specified in Section 71 of these guidelines. These project delivery methods will be programmed and allocated in the same manner as projects utilizing design-bid-build delivery. However, schedule, scope, and cost flexibility may be requested and approved consistent with allocation and programming capacity and the timely use of funds rules.

For projects using Design-Build or design-sequencing procurement methods, 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. 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. The construction support allocation funds Caltrans’ oversight of the Design-Builder’s design.

For projects using the CMGC delivery method, the Contract Manager's 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.

If a project using the CMGC delivery method is divided into separate work packages for delivery and the packages are unknown at the time of programming, the work packages may be split at the time the initial allocation is requested. A list of the anticipated work packages and their delivery year must accompany the initial construction allocation request. When the first allocation is approved, subsequent construction allocations must provide updated lists for anticipated work packages. A STIP amendment will not be required, provided the scope remains unchanged.

72. SB 184 Reimbursement Allocations

Government Code Section 14529.17, as amended by SB 184 (2007), permits a regional or local agency to expend its funds for a STIP project in advance of the Commission’s approval of a project allocation and to be reimbursed for the expenditures after the Commission approves the allocation. However, the statute does not require the Commission to approve an allocation that it would not otherwise approve.

To qualify for reimbursement of expenditures before the Commission approves a project allocation, the regional or local agency must submit a project allocation request that includes notice of the agency’s intent to expend its funds for the project before the allocation approval.

When submitting the original to Caltrans, the regional or local agency should send a copy of the allocation request to the Commission's Executive Director.

The local entity must comply with all legal requirements for the project and any project expenditures, including Federal and State environmental laws. Expenditures for projects programmed for Federal funding still require advance approval of the Federal obligation for the project (E-76). Any local agency must intend to take advantage of the reimbursement provisions of Section 14529.17, understand its obligations, and the risk that is inherently involved.

Only expenditures made by or under contract with a regional or local agency for a project that was and is programmed in the STIP are eligible for reimbursement allocations by the Commission. Project expenditures must be in accordance with the STIP at the time of expenditure and allocation.

The following expenditures are not eligible for reimbursement allocations by the Commission:

- expenditures made before adoption of the project component in the STIP;
- expenditures made before the submittal of the allocation request or before the beginning of the fiscal year for which the project is programmed;
- expenditures that exceed the amount that was or is programmed in the STIP for the particular project component;
- expenditures made by Caltrans;
- expenditures made by a regional or local agency for a project component that was or is programmed for Caltrans implementation;
- expenditures made by a regional or local agency on the State highway system, except in accordance with a project-specific cooperative agreement executed between the local agency and Caltrans; and
- expenditures made by a regional or local agency for a project component that was or is programmed for implementation by another regional or local agency, except in accordance with a project-specific agreement between the two agencies.

The Commission will approve reimbursement allocations only if the regional or local agency submits an allocation request before the first expenditure and the Commission finds no legal impediment to a Commission allocation, other than lack of State budget authority, at the time of expenditure. If, at the time of the allocation request, the Commission finds a lack of sufficient funding available and would otherwise approve the allocation, then the Commission will approve the project for future allocation when funding becomes available. However, even the inclusion of a project in the STIP, the availability of state budget authority, and the lack of specific legal impediment do not obligate the Commission to approve an allocation where the Commission finds that the allocation is not an effective use of state funds, is inconsistent with the Commission's guidelines or policies, or is inconsistent with state or regional plans.

73. Timely Use of Funds

<u>Project Delivery Deadlines</u>:

- <u>Allocation deadline</u> –
    - For locally implemented projects, all phases programmed are available for allocation until June 30th of the fiscal year in which the funds are programmed.

- For Caltrans implemented projects, construction, construction support costs, or right of way capital of $10 million or more, are available for allocation until June 30th of the fiscal year in which the funds are programmed.

Programmed funds not allocated within this deadline will lapse and be deleted from the STIP. The Commission will not immediately make the funds available to the county or interregional share for reprogramming. However, the Commission will adjust the share balance to restore the funds in the next county share period.

- <u>Expenditure deadline</u> – Funds allocated to local projects for environmental, design, right of way, and PPM must be spent by the end of the second fiscal year following the fiscal year in which the funds were allocated. For example, a project allocated in fiscal year 2024-25 must be spent by June 30, 2027. For local projects, the local agency must invoice Caltrans for these costs no later than 180 days after the fiscal year in which the final expenditure occurred.

- <u>Contract Award deadline</u> – Commission policy is that funds allocated for construction, including intercity-rail projects, or for the purchase of equipment must be encumbered by the award of a contract within six (6) months of the date of allocation unless the Commission approves an extension as described in Section 74.

- <u>Construction contract acceptance deadline</u> – After the award of the construction contract, the local agency or Caltrans has up to 36 months to complete (accept) the contract.
  - For local projects, the local agency has 180 days ***after*** contract acceptance to make the final payment to the contractor or vendor, prepare the final Report of Expenditure and submit the final invoice to Caltrans for reimbursement.
  - Given the flexibility of the planning, programming, and monitoring funds, time extensions will not be considered for these funds.

- <u>Additional time for project completion at the time of allocation</u> – The Commission may approve additional time for project delivery at the time of allocation, which includes the completion of work and the liquidation of funds, to accommodate the proposed expenditure plan for the project, except for funds allocated for planning, programming, and monitoring.

- <u>Federal Transit Administration Transfers</u> – Federal highway transportation funds programmed and allocated for transit projects are considered obligated and are deducted from the state's federal obligation authority balances as soon as they are transferred to the Federal Transit Administration (FTA) as described in Section 30 of these guidelines. Federal funds for such projects will be considered encumbered and expended upon completion of the fund transfer to FTA. State funds allocated to match the federal funds for such projects will be subject to the timely use of funds provisions described in this section. Upon completion of such projects, after FTA notification of final project costs, FHWA will adjust obligation records accordingly. Any federal funds transferred to FTA but not expended will be rescinded as state highway account revenue, with no adjustment to county shares. Any state match funds allocated but not expended will also be rescinded with no adjustment to county shares.

Whenever a contract award does not encumber allocated funds or transfer to FTA or is expended within the deadlines specified above, all unencumbered, not transferred, or unexpended funds from the allocation will be rescinded. The Commission will not adjust the county or interregional share for any unencumbered allocation balance.

Caltrans will provide monthly reports to the Commission on projects that have not been awarded or transferred to FTA within six months of the date of the Commission's allocation.

These provisions for the timely use of funds do not apply to Caltrans project development costs, Caltrans right-of-way support costs, or Caltrans right-of-way capital under $10 million, which the Commission does not allocate.

Funds allocated to Caltrans for right-of-way capital, as specified in Section 70, must be initiated as expenditures within six months of the allocation. Whenever allocated right-of-way capital funds have not initiated expenditure within six months of allocation, the funds will be rescinded, unless the Commission approves a project expenditure time extension. The Commission will not adjust the county or interregional share for rescinded allocated right-of-way funds.

Caltrans has up to 72 months to complete the scope of work specified in the right-of-way phase.

The Commission will not amend the STIP to delete or change the program year of the funding for any project component programmed in the current fiscal year or earlier, except:

(1) to reprogram funds from a construction project to later mitigation work required for that project, including landscaping or soundwalls, or
(2) to reprogram funds from one project to another within an identified multi-modal corridor, as defined in Section 11, or
(3) where the projects are being delivered using the Construction Management/General Contractor delivery method to deliver early work packages as specified in Section 72.

In either of these cases, the Commission will consider the amendment only if it is proposed concurrently with an allocation of funds programmed for the project in the current fiscal year. These three amendments are adjustments that may be incorporated into the Commission's allocation action. In that case, they do not require the separate notice ordinarily required of STIP amendments.

Where a project or project component will not be ready for allocation as programmed in the current fiscal year, the agency responsible for the project should request an extension of the allocation deadline since the project is not eligible for a STIP amendment.

74. Delivery Deadline Extensions

The Commission may extend a delivery deadline, as described in Section 73, upon the request of the regional agency or the agency responsible for project delivery. No deadline may be extended more than once. However, there are separate deadlines for allocation, for award of a contract, for expenditures for project development or right-of-way, and for project completion, and each project component has its own deadlines. The Commission may consider the extension of each of these deadlines separately.

All requests for project delivery deadline extensions shall be submitted directly to the appropriate Caltrans district at least 60 days prior to the specific deadline for which the particular extension is requested (e.g., 60 days prior to June 30th to request the extension of allocation deadlines). The extension request should describe the specific circumstance that justifies the extension and identify the delay directly attributable to that circumstance. Caltrans will review extension requests and forward them to the Commission for action. Unlike proposed STIP amendments, extension requests do not require a 30-day notice period.

- Allocation time extension (20 months maximum) – The Commission may extend the deadline for allocation of funds only once and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributed to the extraordinary circumstance and cannot exceed 20 months.

- Contract award time extension (20 months maximum) – The Commission may extend the deadline for contract award only once and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributed to the extraordinary circumstance and cannot exceed 20 months.

- Project development expenditure time extension (20 months maximum) – The Commission may extend the deadline for each project development expenditure of the environmental, design, and right-of-way phases only once and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributed to the extraordinary circumstance and cannot exceed 20 months.

- Project completion time extension (20 months maximum) – The Commission may extend the deadline for project completion of the construction phase only once and only if its finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributed to the extraordinary circumstance and cannot exceed 20 months.

  For each request to extend the deadline to allocate project construction funds, the agency requesting the extension should submit a project construction STIP history in conjunction with the request. The request should also identify any cost increase related to the delay and how the increase would be funded. The STIP history should note the original inclusion of project construction in the STIP and each project construction STIP amendment, including the amendment date, the dollar amount programmed for construction, and the scheduled year of construction delivery. The Commission intends to review this history when considering a construction allocation extension request.

75. STIP Amendments

The Commission may amend the STIP at the entity's request, either Caltrans or the regional agency that originally nominated the STIP project. The Commission will amend the STIP only after providing at least 30 days of public notice. Projects proposed by amendment will be subject to the same standards and criteria that apply to RTIP and ITIP proposals. Each amendment will designate from which county share(s) or interregional share the project is being funded, and the Commission will adjust share balances accordingly. An amendment may not create or increase a county share deficit unless the Commission can approve an advance of the county share (see Sections 27 and 66 of these guidelines).

All regional requests for STIP amendments shall be submitted directly to the appropriate Caltrans district. For each amendment that would delay the year of construction, the agency requesting the amendment should submit a project construction STIP history in conjunction with the amendment request. The request should also identify any cost increase related to the delay and how the increase would be funded. The STIP history should note the original inclusion of project construction in the STIP and each prior project construction STIP amendment, including the amendment date, the dollar amount programmed for construction, and the scheduled year of construction delivery. The Commission intends to review this history when considering a STIP amendment that would delay the year of construction.

Caltrans will review proposed amendments and forward them to the Commission for public notice and action. The Commission encourages Caltrans, in cooperation with regions and Commission staff, to develop and implement procedures to standardize and streamline the amendment process and enhance regions' accountability for amendments to projects not administered by Caltrans.

An amendment may change the scope, cost, or program year of any STIP project, except that the Commission will not amend the STIP:

- to change Caltrans right-of-way costs, except in conjunction with the annual right-of-way plan, or to make an adjustment of more than 20 percent in conjunction with the Commission's allocation of project construction funding;
- to delete or change the program year of the funding for any project component after the beginning of the fiscal year for which it is programmed (except for the adjustments at the time of allocation described in Section 73);
- to change Caltrans construction support or project development costs, except when the change in total construction support or project development costs is 20 percent or more, unless the cost change is the result of a STIP amendment to change the scope of the project; or
- to change the programming of any funds after they have been allocated.

76. Approval of AB 3090 Arrangements

Under Government Code Section 14529.7, as amended by AB 3090 (1992), the Commission, the Department, a regional agency, and a local agency may enter into either one of two types of arrangements under which a local agency pays for the delivery of a STIP project with its funds in advance of the year in which the project is programmed. Under the first type of arrangement, the local agency that advances the STIP project has another project or projects of equivalent value programmed in its place, and these arrangements are implemented by a STIP amendment designating the specified dollar amount for an "AB 3090 replacement project" without identifying the specific project to be implemented as the replacement. Under the second type of arrangement, the local agency that advances the STIP project is programmed to receive a direct cash reimbursement. Those arrangements are implemented by a STIP amendment that approves the Department to execute a reimbursement agreement and programs the reimbursement for the fiscal year in which the project was scheduled in the STIP or a later year.

Scheduled project reimbursements have the highest STIP priority among projects programmed within a fiscal year, although reimbursements are subject to the availability of the appropriate fund type. In most cases, reimbursement will be programmed over several years. Additionally, the Department may pay the reimbursements quarterly if so specified in the reimbursement agreement.

The Commission has adopted separate AB 3090 Reimbursement Guidelines (Resolution G-02-13) that describe specific procedures for reimbursement arrangements. The following is the Commission's policy for approving AB 3090 arrangements for either replacement projects or reimbursements.

1. The Commission intends to encourage local agencies that wish to use local funds to advance the delivery of projects programmed for construction in the STIP when State funds are insufficient to support direct project allocations. In doing so, the Commission will consider approving either AB 3090 replacement projects or AB 3090 direct reimbursement arrangements, giving preference to the programming of AB 3090 replacement projects where feasible or to AB 3090 reimbursements using federal funds and the local advance construction process.
2. Where a local agency proposes to use its own funds for early delivery of a project component programmed in the STIP for a future fiscal year, the Commission will consider approval of an AB 3090 replacement project under the following conditions:
    a. The regional agency approves the arrangement.
    b. The local agency has identified a local fund source for the project component, and there is a reasonable expectation that the AB 3090 approval will accelerate the construction delivery of an STIP project.
    c. The local agency commits to award a contract or otherwise begin delivery of the project component within six (6) months of the Commission's approval, with the understanding that the arrangement may be cancelled if that condition is not met. AB 3090 arrangements for construction or the purchase of equipment are valid for six months from the date of approval unless the Commission approves an extension.
    d. The STIP amendment approving the arrangement will replace the project component with an unidentified replacement project in the same fiscal year.
3. Where a local agency proposes to use its funds for early delivery of a project component programmed in the STIP for a future fiscal year, the Commission will consider approval of an AB 3090 reimbursement only when the following additional conditions are met:
    a. The regional agency explicitly finds the project to be the region's highest priority among STIP projects programmed for that fiscal year. A regional agency unable to make such a finding shall, in its request for an AB 3090 reimbursement, explain why it cannot make the finding and the relative priority of the STIP projects programmed for that fiscal year.
    b. The Commission determines that reimbursement would be consistent with the fund estimate.
    c. The source of local funds to deliver the project could not or would not be made available for an AB 3090 replacement project. The request for AB 3090 reimbursement approval shall identify the source of local funds to be used, why the funds would not be available for the STIP project without an AB 3090 direct reimbursement arrangement, and what the funds would be available for if not used for the STIP project.
    d. Before approving an AB 3090 reimbursement arrangement, the Commission will consider programming the reimbursement in a later

fiscal year, consistent with the project's regional and state priority for funding and the projected availability of funds to support other projects. The Commission will not change the reimbursement programming after approval.

e. The Commission will not approve AB 3090 reimbursement arrangements intended solely to protect a project from being reprogrammed or to protect a local agency's share of STIP funding.

4. The Commission will also consider approval of an AB 3090 reimbursement arrangement for a project component programmed in the current fiscal year if insufficient funds are available to approve a direct allocation. In this case, the AB 3090 approval will schedule the reimbursement for the next fiscal year or later. In making a current year request for an AB 3090 reimbursement arrangement, the region shall explain why the project cannot be advanced using a reimbursement allocation (as described in section 70).
5. In considering approval of AB 3090 reimbursement arrangements, the Commission intends to ensure that no more than $200 million in reimbursements is scheduled statewide for any one fiscal year and that no more than $50 million in reimbursements is scheduled for the projects of any single agency or county for any one fiscal year. The Commission intends to evaluate the limit on AB 3090 reimbursement arrangements biennially as a part of the STIP fund estimate and STIP guidelines. A local agency may request the approval of an AB 3090 reimbursement arrangement that exceeds the aforementioned limits. The Commission will consider such requests on a case-by-case basis. In evaluating such requests, the Commission will weigh the impact that exceeding the limits might have on allocating other STIP projects.

77. Selection of Projects for GARVEE Bonding

If the fund estimate projects the availability of federal funding for the STIP, the Commission may, by STIP amendment, select STIP projects proposed from either an RTIP or the ITIP for accelerated construction through GARVEE bonding. With the agency's agreement to propose the project, the Commission may designate a STIP project for GARVEE bonding even if the original RTIP or ITIP did not specifically propose GARVEE bonding. The Commission may also select projects programmed in the SHOPP for accelerated construction through GARVEE bonding. The Commission will select projects for GARVEE bonding that are major improvements to 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 current county and interregional shares or the SHOPP on a pay-as-you-go basis. The Commission expects that, generally, these will be projects that require bond proceeds exceeding $25 million. Major improvements include projects that increase capacity, reduce travel time, or provide long-life rehabilitation of key bridges or roadways.

Each bond will be structured for debt service payments over a term of not more than 12 years. In designating projects for bonding and scheduling bond sales, the

Commission will consider the overall annual debt service limit of 15 percent of Federal revenues.

GARVEE bonds cover only the federally funded portion of a project's cost (generally 88½ percent). GARVEE bonding in California is structured so that the State's future Federal transportation apportionments cover all debt service payments. This requires that the entire non-Federal portion of the project cost (including costs of issuance and interest) be provided on a pay-as-you-go basis at the time of construction. The Commission's policy is that the non-federal portion of project costs will be programmed within the current STIP and SHOPP capacity. Although local funds may be applied to the non-federal share, the ability of a local agency to contribute non-STIP funding will not be a major criterion in the selection of projects for GARVEE bonding.

78. Project Delivery

It is a Commission policy that all transportation funds allocated through the State be programmed and expended in a timely manner to avoid the accumulation of excessive fund balances and the lapse of federal funds. The Commission's goal is that transportation projects programmed against funds allocated through the State be delivered no later than scheduled in the appropriate transportation programming document. For this goal, delivery means allocation or obligation of funds for the programmed project or project component. For projects delivered by Caltrans, the Commission's delivery goal each fiscal year is 90% of the projects programmed in each fiscal year and 100% of the funds programmed in each fiscal year. For projects delivered by agencies other than Caltrans, the Commission's delivery goal each fiscal year is 90% of the projects programmed in each fiscal year and 95% of the funds programmed in each fiscal year.

Caltrans will provide the Commission with status reports on project delivery in October, January, April, and July of each fiscal year for projects to be delivered by Caltrans.

Caltrans and regions will also provide the Commission with a report on completed projects. Caltrans shall report this information at least semiannually. Each regional agency shall, in its RTIP, report on all STIP projects completed between adopting the RTIP and adopting the previous RTIP. The report shall include a summary, by component and fund type, of the funds programmed, allocated, and expended when the construction contract was accepted. For projects with a total cost of $50 million or greater or a total STIP programmed amount (in right-of-way and/or construction) of $15 million or greater, the reports shall also include a discussion of the project benefits that were anticipated before construction, compared to an estimate of the actual benefits achieved. Caltrans or a regional agency may elect to defer the reporting of project benefits if it believes such a deferral is needed to assess the project benefits better. If reporting is deferred, Caltrans or the regional agency shall include a list of all the projects for which reporting has been deferred and indicate when it anticipates reporting.

In consultation with Commission staff, regional agencies, and county transportation commissions, Caltrans will develop a format and content requirement for the reports.

XI. STIP DEVELOPMENT SCHEDULE AND PROCEDURES

79. STIP Development Schedule

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

STIP Milestones	Date
Caltrans presents the Draft Fund Estimate to the CTC.	By July 15 of each odd-numbered year
CTC adopts Fund Estimate.	By August 15 of each odd-numbered year
Caltrans submits the draft ITIP to the CTC.	By October 15 of each odd-numbered year
CTC ITIP hearing – North CTC ITIP hearing – South	By November 15 of each odd-numbered year
Regions submit their RTIPs to CTC Staff.	By December 15 of each odd-numbered year
Caltrans submits its ITIP to CTC Staff.	By December 15 of each odd-numbered year
CTC STIP hearing – North	Jan. – Feb. each even-numbered year
CTC STIP hearing – South	Jan. – Feb. each even-numbered year
CTC publishes staff recommendations.	At least 20 days prior to the adoption of the STIP
CTC adopts the STIP.	By April 1 of each even-numbered year

80. ITIP Hearings

Before Caltrans adopts and submits the final ITIP, the Commission will hold at least two hearings, one in northern and one in southern California, to provide opportunities for public input regarding projects proposed in the ITIP.

81. STIP Hearings

Before the adoption of the STIP, the Commission will hold two STIP hearings for Caltrans and regional agencies, one in northern California and one in southern California. By statute, the hearings are “to reconcile any objections by any county or regional agency to the department's program or the department's objections to any regional program." The Commission will expect any objections to the Caltrans program or to a regional program to be expressed in terms of the undesirable impact that the program would have on the implementation of the respective agency's long-range transportation plan(s). The Commission expects regional agencies and Caltrans to discuss how the infrastructure projects included in each program help attain regional and statewide goals, including those in Governor's Executive Orders B-30-15 B-32-15, and N-19-19, where applicable.

82. Transmittal of RTIPs

By statute, regional agencies must adopt and submit their RTIPs to the Commission and Caltrans no later than December 15 of odd-numbered years. The Commission requests that each region send an electronic copy to Kacey.Ruggiero@catc.ca.gov and one hard copy of its RTIP, addressed to:

Executive Director
California Transportation Commission
1120 N Street, Mail Station 52
Sacramento, CA 95814

Caltrans requests that each region send an electronic copy to Sudha.Kodali@dot.ca.gov, OCIP@dot.ca.gov, one hard copy to the appropriate Caltrans District Director, and one hard copy addressed to:

Chief, Division of Financial Programming
Attention: Office of Capital Improvement Program
Department of Transportation
Mail Station 82
P. O. Box 942874
Sacramento, CA 94274-0001

83. Transmittal of Draft and Final ITIP

By statute, Caltrans must submit its draft ITIP and final ITIP to the Commission no later than October 15 and December 15, respectively, of odd-numbered years. The Commission requests that Caltrans post the draft ITIP and the final ITIP on their website and send an electronic copy to Kacey.Ruggiero@catc.ca.gov and one hard copy of the draft ITIP and final ITIP addressed to:

Executive Director
California Transportation Commission
1120 N Street, Mail Station 52
Sacramento, CA 95814

84. Commission Staff Recommendations

Commission staff shall prepare recommendations for the STIP's adoption at least twenty days before the adoption date. The staff recommendations will be made available to the Commission, Caltrans, and the regional agencies.

XII. APPENDICES

Appendix A: Electronic Project Programming Request

A link to the ePPR tool may be found at:

https://dot.ca.gov/programs/financial-programming/office-of-capital-improvement-programming-ocip

Appendix B: Performance Indicators and Measures

Use the following table B1 to indicate quantitatively the overall regional level performance of your Regional Transportation Plan (RTP), and where applicable, Sustainable Communities Strategy (SCS) or California Transportation Plan, and the Interregional Transportation Strategic Plan (ITSP). For regions outside an MPO, or a small MPO, the second table B1(a) may be used in addition to or as a replacement for B1.

If tables B1 and/or B1(a) are insufficient in indicating how progress towards attaining goals and objectives contained in each RTP, and where applicable, SCS, and the ITSP is assessed and measured, include the following information:

- List your performance measures.
- Provide a quantitative and/or qualitative analysis (include baseline measurement and projected program or project impact).
- State the reason(s) why selected performance measures are accurate and useful in measuring performance. Please be specific.
- Identify any and all deficiencies encountered in as much detail as possible.

For qualitative explanations, state how progress towards attaining goals and objectives contained in each RTP, SCS, and, where applicable, the ITSP is assessed and measured.

B1 Evaluation – Regional Level Performance Indicators and Measures			
Goal	Indicator/Measure	Current System Performance (Baseline)	Projected System Performance (indicate timeframe)
Congestion Reduction	Vehicle Miles Traveled per capita		
	Percent of congested Vehicle Miles Traveled (at or below 35 mph)		
	Commute mode share (travel to work or school)		
Infrastructure Condition	Percent of distressed state highway lane-miles		
	Pavement Condition Index (local streets and roads)		
	Percent of highway bridges by deck area classified in Poor condition		
	Percent of transit assets that have surpassed the FTA useful life period.		
System Reliability	Highway Buffer Index (the extra time cushion that most travelers add to their average travel time when planning trips to ensure on-time arrival)		
Safety	Fatalities and serious injuries per capita		
	Fatalities and serious injuries per Vehicle Miles Traveled		
Economic Vitality	Percent of housing and jobs within 0.5 miles of transit stops with frequent transit service		
	Mean commute travel time (to work or school)		
Environmental Sustainability	Change in acres of agricultural land		
	CO_2 emissions reduction per capita		

B1(a) Evaluation Rural Specific Regional Level Performance Indicators and Measures			
Goal	Indicator/Measure	Current System Performance (Baseline)	Projected System Performance (indicate timeframe)
Congestion Reduction	Vehicle Miles Traveled per capita, area, by facility ownership, and/or local vs tourist		
	Peak Volume/Capacity Ratio or Thresholds (threshold volumes based on HCM 2010)		
	Commute mode share (travel to work or school)		
Transit	Total operating cost per revenue mile		
Infrastructure Condition	Distressed lane-miles, total and percent, by jurisdiction		
	Pavement Condition Index (local streets and roads)		
Safety	Total accident cost per capita and VMT		
Environmental Sustainability	Land Use Efficiency (total developed land in acres per population)		

Agencies may use the following table B2 to evaluate the cost-effectiveness of the RTIP or ITIP.

B2 Evaluation - Cost-Effectiveness Indicators and Measures			
Goal	Indicator/Measure (Per thousand dollars invested)	Current Level of Performance (Baseline)	Projected Performance Improvement (indicate time frame)
Congestion Reduction	Reduce Vehicle Miles Traveled per capita		
	Reduce percent of congested VMT (at or below 35 mph)		
	Change in commute mode share (travel to work or school)		
Infrastructure Condition	Reduce percent of distressed state highway lane-miles		
	Improve Pavement Condition Index (local streets and roads)		
	Reduce percent of highway bridge deck area in Poor Condition		
	Reduce percent of transit assets that have surpassed the FTA useful life period		
System Reliability	Reduce Highway Buffer Index (the time cushion added to average commute travel times to ensure on-time arrival)		
Safety	Reduce fatalities and serious injuries per capita		
	Reduce fatalities and serious injuries per Vehicle Miles Traveled		
Economic Vitality	Increase percent of housing and jobs within 0.5 miles of transit stops with frequent transit service		
	Reduce mean commute travel time (to work or school)		
Environmental Sustainability	Change in acres of agricultural land		
	CO_2 emissions reduction per capita		

Agencies may use the following table B3 to identify by proposed project, or in summary for all proposed projects, changes to the built environment.

B3 Evaluation - Project Changes or Increased Capacity Benefits			
Project Type Or Mode	Change to the Built Environment	Indicator/ Measure	Benefits or Performance Improvement at Project Completion
State Highway	New general-purpose lane-miles		
	New HOV/HOT lane-miles		
	Lane-miles rehabilitated		
	New or upgrade bicycle lane/sidewalk miles		
	Operational improvements		
	New or reconstructed interchanges		
	New or reconstructed bridges		
Transit or Intercity Rail	Additional transit service miles		
	Additional transit vehicles		
	New rail track miles		
	Rail crossing improvements		
	Station improvements		
Local streets and roads	New lane-miles		
	Lane-miles rehabilitated		
	New or upgrade bicycle lane/sidewalk miles		
	Operational improvements		
	New or reconstructed bridges		

Appendix C: Addendum for LATIP Programs

ADDENDUM to STIP GUIDELINES
Local Alternative Transportation Improvement Programs
State Routes 84 and 238

Authority and Scope: Government Code Section 14528.56, added by Chapter 291 (AB 1386) of the Statutes of 2009, authorizes the California Transportation Commission (Commission) to incorporate into the state transportation improvement program guidelines additional guidelines specific to the local alternative transportation improvement program, and to adopt guidelines to establish a process to approve advancing a project, if the project is included in the local alternative transportation improvement program approved pursuant to Section 14528.5 or 14528.55 of the Government Code.

The Commission may amend these guidelines any time after first giving notice of the proposed amendments.

Development of the Local Alternative Transportation Improvement Program: Sections 14528.5 and 14528.55 of the Government Code authorize the development of a local alternative transportation improvement program (TIP) to address transportation problems which were to be addressed by the planned state transportation facilities on State Highway Route 238 in the City of Hayward and Alameda County, and on State Highway Route 84 in the Cities of Fremont and Union City. The City and/or County will act jointly with the transportation planning agency to develop and file the local alternative TIP. Priorities for funding in the local alternative TIPs shall go to projects in the local voter-approved transportation sales tax measure.

The local alternative TIP must be submitted to the Commission prior to July 1, 2010.

All proceeds from the sale of the excess properties, less any reimbursements due to the federal government and all costs incurred in the sale of those excess properties (properties acquired to construct a new alignment for a freeway or expressway bypass to State Highway Route 238 in the City of Hayward and in the County of Alameda, and State Highway Route 84 in the Cities of Fremont and Union City) shall be allocated by the Commission to fund the approved local alternative TIP.

Administration of the Local Alternative TIP: Project funds programmed in the local alternative TIP shall be allocated and expended in the same manner as state funds made available for capital improvement projects in the state transportation improvement program (STIP) adopted by the Commission pursuant to Section 14529 of the Government Code. These funds shall not be subject to the formula distributions specified in Sections 164, 188 and 188.8 of the Streets and Highways Code.

Advancement of a Project in the Local Alternative TIP: A local agency may, with the concurrence of the appropriate transportation planning agency, the Commission, and the Department of Transportation (Department), advance a project included in the local alternative TIP prior to the availability of sufficient funds from the sale of respective excess properties, through the use of its own funds.

Advancement of a project or projects shall not change the priority for funding and delivery of all projects within each respective approved local alternative TIP.

A local agency may enter into an agreement with the appropriate transportation planning agency, the Department, and the Commission to use its own funds to develop, purchase right-of-way for, and construct a transportation project within its jurisdiction that is included in the respective local alternative TIP.

If the local agency uses local voter-approved sales and use tax revenues to advance a project, any reimbursement made shall be used for the same purposes for which the imposition of the sales and use tax is authorized.

Submittal of Advancement Request: Requests shall be submitted to the Department by the applicant in accordance with established timeframes for project amendments to be placed on the agenda for timely consideration by the Commission.

To be considered by the Commission, an advancement request shall:

- Be signed by a duly authorized agent(s) of the applicant agency and the implementing agency if different.
- Include all relevant information as described below.
- Indicate that the implementing agency is ready to start work on the project or project component.
- Have a complete and committed funding plan for the component covered by the advancement request.
- Indicate the anticipated schedule for expenditures and completion of the component.

Content and Format of Advancement Request: The Commission expects a complete request to include, at a minimum, the following information as applicable:

- A letter requesting advancement approval. The request shall include a summary of any concurrent actions needed from the Commission and a discussion of the source(s), amount, and funding commitment to be used to advance the project.
- Alternate local funding source(s) that will be substituted for the local alternative TIP funds and a demonstration of commitment of those funds (e.g., resolution, minute order) from its policy board.
- An expenditure schedule for the component covered by the advancement request.

- If jointly funded with STIP or Proposition 1B funds, a STIP or Proposition 1B allocation request, an AB 3090 request, or a Proposition 1B LONP request must be included.
- Requests to advance right-of-way purchase or construction must include documentation for Commission review of the final environmental document, as appropriate, and approval for future funding consideration.

Review and Approval of Advancement Requests: The Department will review advancement requests for consistency with these guidelines and place the request on the Commission meeting agenda.

Advancement will only be granted for work consistent with the approved project's scope, schedule, and funding.

Upon approval of the advancement, the Department will execute a cooperative agreement or Master Agreement/Program Supplement with the local agency before it can reimburse eligible project expenditures.

Initiation of Work: The project requested to be advanced shall be ready to proceed upon approval. The local agency shall report to the Department/Commission within four months following advancement approval on progress in executing agreements and third-party contracts needed to execute the work.

Allocations: The Commission will allocate funds for the advanced project when scheduled in the local alternative TIP, contingent on sufficient funds being available in the appropriate Special Deposit Fund. Pursuant to the agreement with the local agency, the Department shall reimburse the local agency for the actual cost of developing and constructing the project, including the right-of-way acquisition. Reimbursement of project development costs shall not exceed 20 percent of estimated construction costs, or any lesser amount mutually agreed to by the Department, Commission, and local agency. Interest and other debt service costs are not reimbursable.

In no case will an allocation be made that exceeds the amount of funds available in the respective account established in the Special Deposit Fund from the sale of excess properties from Route 84 or Route 238. The agency advancing the project accepts the risk that sufficient funds may not be realized from the sale of the excess properties to fully reimburse all project costs.

Appendix D: Title VI Requirements

TITLE VI REQUIREMENTS

All projects programmed in the STIP shall comply with the following provisions:

- The implementing agency assumes responsibility and accountability for the use and expenditure of program funds. Applicants and implementing agencies must comply with all relevant federal and state laws, regulations, policies, and procedures.
- The implementing agency 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. The implementing agency will comply with all Federal and State statutes and implementing regulations relating to nondiscrimination.
- A current list of Title VI/nondiscrimination and related authorities is available on the Commission's website at www.catc.ca.gov.

Table 3 - Calculation of New Programming Targets and Shares - Total Target
($ in thousands)

County	Net Carryover		2026 STIP Share through 2030-31			
	Unprogrammed Balance	Balance Advanced	Formula Distribution	Add Back Lapses 2023-24 & 2024-25	**Net Share (Total Target)**	Net Advance
Alameda	0	(8,664)	22,711	0	**14,047**	0
Alpine	0	(1,511)	652	0	**0**	(859)
Amador	1,052	0	1,476	76	**2,604**	0
Butte	0	(492)	4,095	0	**3,603**	0
Calaveras	0	0	1,726	0	**1,726**	0
Colusa	2,553	0	1,158	0	**3,711**	0
Contra Costa	0	0	15,529	0	**15,529**	0
Del Norte	0	(3,682)	1,060	0	**0**	(2,622)
El Dorado LTC	0	(20,591)	3,023	0	**0**	(17,568)
Fresno	0	0	16,661	0	**16,661**	0
Glenn	90	0	1,212	0	**1,302**	0
Humboldt	0	(1,258)	4,312	0	**3,054**	0
Imperial	23,853	0	7,890	0	**31,743**	0
Inyo	643	0	6,202	0	**6,845**	0
Kern	6,434	0	22,735	0	**29,169**	0
Kings	0	(4,129)	3,122	0	**0**	(1,007)
Lake	5,558	0	1,901	0	**7,459**	0
Lassen	1,942	0	2,747	0	**4,689**	0
Los Angeles	0	0	130,550	20,000	**150,550**	0
Madera	1,931	0	2,970	0	**4,901**	0
Marin	0	(11,562)	3,990	0	**0**	(7,572)
Mariposa	2,188	0	1,117	0	**3,305**	0
Mendocino	0	(5,776)	4,120	0	**0**	(1,656)
Merced	0	0	5,512	0	**5,512**	0
Modoc	2,109	0	1,477	0	**3,586**	0
Mono	817	0	4,635	0	**5,452**	0
Monterey	0	(2,136)	7,747	14,709	**20,320**	0
Napa	0	(6,682)	2,595	0	**0**	(4,087)
Nevada	863	0	2,376	0	**3,239**	0
Orange	0	(11,786)	41,628	0	**29,842**	0
Placer TPA	0	(4,449)	6,012	0	**1,563**	0
Plumas	0	(1,686)	1,653	0	**0**	(33)
Riverside	0	0	37,345	0	**37,345**	0
Sacramento	31,371	0	21,538	137	**53,046**	0
San Benito	0	(11,338)	1,504	0	**0**	(9,834)
San Bernardino	0	0	42,593	0	**42,593**	0
San Diego	0	(179,915)	48,148	5,700	**0**	(126,067)
San Francisco	0	0	11,275	0	**11,275**	0
San Joaquin	0	0	11,826	0	**11,826**	0
San Luis Obispo	1,324	0	8,267	0	**9,591**	0
San Mateo	31,290	0	11,244	5,477	**48,011**	0
Santa Barbara	770	0	9,364	0	**10,134**	0
Santa Clara	0	0	26,260	29,702	**55,962**	0
Santa Cruz	0	0	4,352	0	**4,352**	0
Shasta	5,049	0	4,735	0	**9,784**	0
Sierra	1,858	0	816	0	**2,674**	0
Siskiyou	30	0	3,323	0	**3,353**	0
Solano	0	(10,654)	6,946	0	**0**	(3,708)
Sonoma	34	0	7,977	0	**8,011**	0
Stanislaus	1,563	0	8,339	0	**9,902**	0
Sutter	2,200	0	1,890	0	**4,090**	0
Tahoe RPA	1,044	0	1,025	0	**2,069**	0
Tehama	5,701	0	2,413	0	**8,114**	0
Trinity	2,740	0	1,748	2,700	**7,188**	0
Tulare	0	(9,247)	10,463	0	**1,216**	0
Tuolumne	2,726	0	1,910	0	**4,636**	0
Ventura	101,847	0	13,611	0	**115,458**	0
Yolo	0	(3,528)	4,024	2,656	**3,152**	0
Yuba	15,183	0	1,522	0	**16,705**	0
Statewide Regional	254,763	(299,086)	639,052	81,157	**850,899**	(175,013)
Interregional	0	(78,966)	213,018	62,037	**196,089**	0
TOTAL	254,763	(378,052)	852,070	143,194	**1,046,988**	(175,013)

Statewide SHA Capacity	**1,357,246**
Statewide PTA Capacity	**(310,258)**
Total	**1,046,988**

State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 26-27, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 4.3, Information Item

Prepared By: Keith Duncan, Chief
Division of Budgets

Subject: **DRAFT 2026 STATE TRANSPORTATION IMPROVEMENT PROGRAM AND AERONAUTICS ACCOUNT FUND ESTIMATES**

SUMMARY:

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) accept the Draft 2026 State Transportation Improvement Program (STIP) Fund Estimate and the Draft 2026 Aeronautics Account Fund Estimate tables that will be provided at the Commission meeting on June 26-27, 2025. The Department will work with Commission staff to implement necessary changes prior to the scheduled adoption of the Fund Estimates at the Commission's August 2025 meeting. The 2026 STIP Fund Estimate and Guidelines Workshop will be held in July 2025. This will provide an opportunity for Commissioners, Commission staff, and other stakeholders to comment and suggest additional improvements to the Fund Estimates.

BACKGROUND:

Section 14524(a) of the Government Code (GC) requires the Department to submit the STIP Fund Estimate prior to July 15 of each odd-numbered year. The Department will meet this requirement by submitting the Draft 2026 STIP Fund Estimate at the June 2025 Commission meeting. Section 14525(a) of the GC requires the Commission to adopt the STIP Fund Estimate by August 15 of each odd-numbered year. The Commission may elect to delay adoption for up to 90 days after August 15 should it find that forthcoming legislation could significantly impact the Fund Estimate.

The Draft 2026 Fund Estimate program capacities are based on the assumptions approved by the Commission at its May 2025 meeting, and incorporates updated revenue projections included as part of the May Revision to the State's proposed budget released on May 14, 2025. After reviewing the Draft 2026 Fund Estimate, the Commission may choose to revisit the approved assumptions for possible adjustments or updates. The Department requests that the Commission direct comments to Commission staff so the Department may incorporate feedback into the Fund Estimates.

The Department will continue to work with Commission staff between now and the August 2025 Commission meeting to update information and make any necessary changes to the 2026 Fund Estimates. In the event that budgetary action requires amendment of the assumptions prior to the scheduled August adoption, the Department will immediately inform Commission staff.

Attachment

2026 STIP FUND ESTIMATE
STATE HIGHWAY AND FEDERAL TRUST FUND ACCOUNTS
($ millions)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total	6-Year Total
RESOURCES								
Beginning Balance	$994							$994
Fuel Excise Taxes (Base)	$2,192	$2,205	$2,223	$2,234	$2,243	$2,257	$11,161	$13,354
Fuel Excise Taxes (Incremental)	2,133	2,155	2,172	2,190	2,208	2,236	10,961	13,094
Net Weight Fees	0	0	0	0	0	0	0	0
Misc. Revenues	388	372	368	369	369	369	1,847	2,235
Net Transfers - Others	(178)	(174)	(174)	(175)	(176)	(175)	(875)	(1,053)
Expenditures - Other Departmental	(764)	(728)	(750)	(752)	(748)	(754)	(3,732)	(4,496)
Total State Resources	$4,765	$3,830	$3,839	$3,866	$3,896	$3,932	$19,363	$24,128
Obligation Authority (OA)	$5,194	$5,287	$5,382	$5,479	$5,577	$5,677	$27,403	$32,596
August Redistribution	495	495	495	495	495	495	2,475	2,970
Other Federal Resources	(414)	(416)	(419)	(421)	(421)	(421)	(2,097)	(2,511)
Total Federal Resources	$5,275	$5,366	$5,459	$5,553	$5,652	$5,752	$27,781	$33,055
TOTAL STATE & FED RESOURCES	**$10,040**	**$9,196**	**$9,297**	**$9,419**	**$9,548**	**$9,683**	**$47,143**	**$57,183**
COMMITMENTS								
STATE OPERATIONS	**($1,628)**	**($1,673)**	**($1,720)**	**($1,769)**	**($1,818)**	**($1,869)**	**($8,849)**	**($10,476)**
MAINTENANCE	**($1,454)**	**($1,500)**	**($1,549)**	**($1,598)**	**($1,649)**	**($1,702)**	**($7,999)**	**($9,453)**
LOCAL ASSISTANCE (LA)								
Oversight (Partnership)	($215)	($214)	($213)	($214)	($211)	($208)	($1,061)	($1,276)
State & Federal LA	(2,121)	(2,171)	(2,215)	(2,258)	(2,292)	(2,330)	(11,266)	(13,387)
TOTAL LA	**($2,336)**	**($2,385)**	**($2,428)**	**($2,472)**	**($2,503)**	**($2,538)**	**($12,327)**	**($14,663)**
SHOPP CAPITAL OUTLAY SUPPORT (COS)								
SHOPP Major	($1,173)	($915)	($675)	($531)	($364)	($220)	($2,705)	($3,878)
SHOPP Minor	(104)	(107)	(111)	(115)	(120)	(124)	(578)	(682)
Stormwater	(57)	(57)	(57)	(57)	(57)	(57)	(287)	(344)
TOTAL SHOPP COS	**($1,334)**	**($1,080)**	**($844)**	**($704)**	**($541)**	**($402)**	**($3,570)**	**($4,904)**
SHOPP CAPITAL OUTLAY								
Major capital	($2,853)	($291)	($143)	($47)	($16)	$0	($497)	($3,350)
Minor capital	(150)	(145)	(141)	(137)	(133)	(129)	(686)	(835)
R/W Project Delivery	(107)	(95)	(62)	(47)	(51)	(33)	(288)	(395)
Unprogrammed R/W	(33)	(27)	(19)	(9)	(6)	(2)	(63)	(96)
TOTAL SHOPP CAPITAL OUTLAY	**($3,143)**	**($558)**	**($365)**	**($240)**	**($206)**	**($164)**	**($1,534)**	**($4,677)**
TOTAL NON-STIP COMMITMENTS	**($9,895)**	**($7,197)**	**($6,906)**	**($6,783)**	**($6,718)**	**($6,675)**	**($34,278)**	**($44,173)**
STIP LA								
STIP Off-System	($146)	($104)	($67)	($38)	($23)	($12)	($244)	($389)
Oversight (Partnership)	(31)	(31)	(30)	(31)	(30)	(30)	(152)	(183)
TOTAL STIP LA	**($177)**	**($134)**	**($97)**	**($68)**	**($53)**	**($42)**	**($395)**	**($572)**
STIP COS	**($162)**	**($210)**	**($190)**	**($148)**	**($107)**	**($91)**	**($745)**	**($907)**
STIP CAPITAL OUTLAY								
STIP On-System	($415)	($413)	($323)	($189)	($55)	$0	($979)	($1,395)
R/W Project Delivery	(14)	(6)	(2)	(1)	(1)	(1)	(11)	(25)
Unprogrammed R/W	(5)	(3)	(3)	(2)	(2)	(2)	(12)	(17)
TOTAL STIP CAPITAL OUTLAY	**($434)**	**($422)**	**($328)**	**($192)**	**($58)**	**($3)**	**($1,002)**	**($1,437)**
TOTAL STIP COMMITMENTS	**($773)**	**($766)**	**($615)**	**($408)**	**($218)**	**($136)**	**($2,143)**	**($2,916)**

TOTAL RESOURCES AVAILABLE	**($628)**	**$1,233**	**$1,776**	**$2,228**	**$2,612**	**$2,873**	**$10,722**	**$10,094**
SHOPP TARGET CAPACITY	**$3,300**	**$2,700**	**$2,700**	**$2,700**	**$2,700**	**$2,700**	**$13,500**	**$16,800**
STIP TARGET CAPACITY	**$525**	**$500**	**$500**	**$500**	**$460**	**$450**	**$2,410**	**$2,935**

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

DRAFT

2026 STIP FUND ESTIMATE
ROAD MAINTENANCE & REHABILITATION ACCOUNT
($ millions)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total	6-Year Total
RESOURCES								
Beginning Balance	$3,621							$3,621
Bridges & Culverts	$400	$400	$400	$400	$400	$400	$2,000	$2,400
Maintenance & SHOPP	1,799	1,889	1,985	2,087	2,214	2,340	10,515	12,314
SMIF Interest	96	72	60	51	51	51	284	380
TOTAL RESOURCES	**$5,916**	**$2,361**	**$2,445**	**$2,538**	**$2,664**	**$2,791**	**$12,799**	**$18,715**
COMMITMENTS								
Program Development	($12)	($12)	($13)	($13)	($14)	($14)	($66)	($79)
Statewide Planning	(15)	(15)	(16)	(16)	(17)	(18)	(82)	(97)
Maintenance	(506)	(522)	(539)	(556)	(574)	(592)	(2,783)	(3,289)
Capital Outlay Support	(442)	(87)	(74)	(64)	(55)	(49)	(330)	(772)
Capital Outlay	(731)	(1,155)	(1,170)	(557)	(199)	(188)	(3,269)	(4,000)
TOTAL COMMITMENTS	**($1,706)**	**($1,792)**	**($1,811)**	**($1,207)**	**($859)**	**($861)**	**($6,530)**	**($8,237)**

TOTAL RESOURCES AVAILABLE	**$4,209**	**$569**	**$634**	**$1,330**	**$1,806**	**$1,930**	**$6,269**	**$10,478**
RMRA TARGET CAPACITY	**$1,800**	**$1,600**	**$1,600**	**$1,600**	**$1,700**	**$1,700**	**$8,200**	**$10,000**

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

DRAFT

2026 STIP FUND ESTIMATE
PUBLIC TRANSPORTATION ACCOUNT
($ in thousands)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total	6-Year Total
RESOURCES								
Beginning Balance	$2,107,611							$2,107,611
Adjustment for STA Transfer Timing	(248,309)							(248,309)
TIRCP & SRA Set-Aside	(1,665,235)							(1,665,235)
Sales Tax on Diesel	$1,116,583	$1,134,679	$1,183,388	$1,223,952	$1,247,675	$1,271,398	$6,061,092	$7,177,675
SMIF Interest Earned	68,783	49,323	38,777	32,658	32,658	32,658	186,073	254,856
Transfer from Aeronautics Account	30	30	30	30	30	30	150	180
Transfer from SHA (S&HC 194)	25,046	25,046	25,046	25,046	25,046	25,046	125,230	150,276
Transportation Improvement Fee (TIF)	459,842	473,637	487,846	502,481	517,556	532,630	2,514,150	2,973,992
TOTAL RESOURCES	**$1,864,352**	**$1,682,715**	**$1,735,087**	**$1,784,167**	**$1,822,965**	**$1,861,762**	**$8,886,696**	**$10,751,047**
State Transit Assistance (STA)	($948,805)	($966,084)	($1,005,719)	($1,039,567)	($1,061,316)	($1,083,066)	($5,155,752)	($6,104,557)
Reservation for Emergency Condition Response Projects	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(50,000)	(60,000)
SUBTOTAL AVAILABLE RESOURCES	**$905,547**	**$706,631**	**$719,368**	**$734,600**	**$751,648**	**$768,696**	**$3,680,943**	**$4,586,490**
COMMITMENTS								
STATE OPERATIONS								
Rail and Mass Transportation Support	($24,628)	($25,417)	($26,233)	($27,074)	($27,942)	($28,838)	($135,504)	($160,132)
Planning Staff and Support	(25,063)	(25,867)	(26,696)	(27,552)	(28,436)	(29,348)	(137,900)	(162,963)
California Transportation Commission	(4,915)	(5,073)	(5,235)	(5,403)	(5,576)	(5,755)	(27,043)	(31,958)
Institute of Transportation Studies	(980)	(980)	(980)	(980)	(980)	(980)	(4,900)	(5,880)
Public Utilities Commission	(11,324)	(11,687)	(12,062)	(12,449)	(12,848)	(13,260)	(62,306)	(73,630)
State Controller's Office	(19)	(20)	(20)	(21)	(22)	(22)	(105)	(124)
Secretary for Transportation Agency	(1,747)	(1,803)	(1,861)	(1,921)	(1,982)	(2,046)	(9,612)	(11,359)
TOTAL STATE OPERATIONS	**($68,676)**	**($70,847)**	**($73,087)**	**($75,400)**	**($77,786)**	**($80,250)**	**($377,369)**	**($446,045)**
INTERCITY RAIL								
Intercity Rail and Bus Operations	($202,986)	($203,375)	($130,867)	($130,867)	($130,867)	($130,867)	($726,843)	($929,829)
Heavy Equipment Maintenance and Acquisition	(30,161)	(30,849)	(31,605)	(32,437)	(33,352)	(34,359)	(162,603)	(192,764)
Fleet Modernization	(1,800)	(53,994)	(54,924)	(53,094)	0	0	(162,012)	(163,812)
TOTAL INTERCITY RAIL	**($234,947)**	**($288,218)**	**($217,397)**	**($216,398)**	**($164,219)**	**($165,226)**	**($1,051,457)**	**($1,286,405)**
LOCAL ASSISTANCE								
Transit and Intercity Rail Capital Program (TIRCP)	($321,889)	($331,546)	($341,492)	($351,737)	($362,289)	($372,841)	($1,759,905)	($2,081,795)
State Rail Assistance Program (SRA)	(53,171)	(54,032)	(56,352)	(58,283)	(59,413)	(60,543)	(288,623)	(341,794)
Bay Area Ferry Operations/Waterborne	(3,481)	(3,516)	(3,551)	(3,586)	(3,622)	(3,659)	(17,934)	(21,415)
TOTAL LOCAL ASSISTANCE	**($378,541)**	**($389,094)**	**($401,395)**	**($413,607)**	**($425,325)**	**($437,042)**	**($2,066,463)**	**($2,445,004)**
CAPITAL PROJECTS								
STIP - Mass Transportation*	($5,050)	($6,511)	($13,499)	($2,782)	($1,624)	($1,672)	($26,089)	($31,139)
STIP - Rail*	(1,929)	(5,906)	(2,202)	(1,682)	(184)	(213)	(10,187)	(12,116)
TOTAL CAPITAL PROJECTS	**($6,979)**	**($12,417)**	**($15,702)**	**($4,464)**	**($1,808)**	**($1,885)**	**($36,275)**	**($43,255)**
CASH AVAILABLE FOR PROGRAMMING	**$216,404**	**($53,944)**	**$11,788**	**$24,732**	**$82,510**	**$84,293**	**$149,378**	**$365,782**
PTA STIP TARGET CAPACITY	**$60,000**	**$60,000**	**$80,000**	**$60,000**	**$50,000**	**$50,000**	**$300,000**	**$360,000**

Note: Individual numbers may not add to total due to independent rounding.
* Cash flow adjusted for unliquidated encumbrances.

County and Interregional Share Estimates

The STIP consists of two broad programs, the regional program funded from 75 percent of new STIP funding and the interregional program funded from 25 percent of new STIP funding. The 75 percent regional program is further subdivided by formula into County Shares. County Shares are available solely for projects nominated by regions in their Regional Transportation Improvement Programs (RTIPs).

The 2026 STIP Fund Estimate (FE) indicates that there is negative program capacity for the Public Transportation Account (PTA). This means that transit projects currently programmed or proposed for programming in the STIP must be eligible for State Highway Account (SHA) funds and federal funds.

The following tables display STIP county and interregional shares and targets for the 2026 STIP.

Table 1. Reconciliation to County and Interregional Shares

This table lists the net changes to program capacity from the 2026 STIP FE to the capacity used in the County and Interregional Shares. This table also separates the program capacity by PTA and SHA capacity. The table is based on Commission actions through June 30, 2025.

Table 2. Summary of Targets and Shares

This table takes into account all county and interregional share balances through the June 2025 Commission meeting, as well as new statewide STIP capacity. For each county and the interregional share, the table identifies the following target amounts:

- Total Target: This target is determined by calculating the STIP formula share of all new capacity through 2030-31. The calculation of this target is shown in Table 3.

- Maximum: This target is determined by estimating the STIP formula share of all available new capacity through the end of the county share period in 2031-32. This represents the maximum amount that the Commission may program in a county, other than advancing future shares, pursuant to Streets and Highways Code Section 188.8(j), to a county with a population of under one million. The calculation of this target is shown in Table 4.

Table 3. Calculation of New Programming Targets and Shares - Total Target

This table displays factors in the calculation of the Total Target.

- Net Carryover: These columns display the current share status, including STIP allocations and amendments through the June 2025 Commission meeting. Positive numbers indicate unprogrammed shares, and negative numbers indicate shares that were advanced.

- 2026 STIP Target Through 2030-31: This section calculates the total target. The total target is the formula distribution of new capacity available through 2030-31 adjusted for carryover balances and lapses.
    - Formula Distribution: This is the 2026 STIP share through 2030-31. It is the formula distribution of program capacity available through 2030-31. The amount distributed is the new capacity less the unprogrammed shares, lapses, and the decrease in advances.
    - Add Back 2023-24 and 2024-25 Lapses: This identifies the amount for projects lapsed in 2023-24 and 2024-25. These amounts are credited back in the 2026 STIP Fund Estimate to county and interregional shares for the four-year share period beginning 2028-29.
    - Net Share (Total Target): This is the 2026 STIP target through 2030-31. The Net Share (Total Target) is calculated by adding to the formula distribution the lapses and the unprogrammed balance or balance advanced. In cases where the distribution of new capacity is insufficient to cover prior advances (i.e., the Net Share would be less than zero), a zero appears in the Net Share column.
    - Net Advance: Numbers in this column represent advances against future capacity. This occurs when the distribution of new shares (through 2030-31) is insufficient to cover prior advances.

Table 4. Calculation of New Programming Targets and Shares – Maximum

This table calculates the maximum amount that the Commission may program in a county, other than advancing future shares, pursuant to Streets and Highways Code Section 188.8(j), to a county with a population of under one million.

- Net Carryover: These columns display the current share status, including STIP allocations and amendments through the June 2025 Commission meeting. Positive numbers indicate unprogrammed shares, and negative numbers indicate shares that were advanced.

- 2026 STIP Share Through 2031-32: This section estimates the maximum target. This is the formula distribution of estimated new capacity available through 2031-32 adjusted for carryover balances and lapses.
    - Formula Distribution: This column estimates the STIP share of the estimated new capacity through the county share period ending in 2031-32. It is the formula distribution of estimated program capacity available through the county share period ending in 2031-32. The amount distributed is the new capacity less the unprogrammed shares, lapses, and the decrease in advances.
    - Add Back 2023-24 & 2024-25 Lapses: This identifies the amount for projects lapsed in 2023-24 and 2024-25. These amounts are credited back in the 2026 STIP Fund Estimate to county and interregional shares for the four-year share period beginning 2028-29.
    - Net Share (Maximum): This target is the STIP share of all available new capacity through the end of the county share period in 2031-32. This represents the maximum amount that the Commission may program in a county, other than advancing future shares, pursuant to Streets and Highways Code Section 188.8(j), to a county with a population of under one million. The Net Share (Maximum) is calculated by adding to the formula distribution the lapses and the unprogrammed balance or balance advanced. In cases where the distribution of new capacity is insufficient to cover prior advances (i.e., the Net Share would be less than zero), a zero appears in the Net Share column.
    - Net Advance: Numbers in this column represent advances against future capacity. This occurs when the distribution of new shares (through 2031-32) is insufficient to cover prior advances.

Table 5. Planning, Programming, and Monitoring (PPM) Limitations

State law provides that up to 5% of a county share may be expended for planning, programming, and monitoring (PPM). This limitation is applied separately to each four-year county share period.

- Total: This section identifies the shares for the 2028-29 through 2030-31 share period based upon the 2024 and 2026 Fund Estimates. These are the amounts against which the 5% is applied

- 5% PPM Limitation: These are the PPM limitations for the 2028-29 through 2030-31 share period.

DRAFT 2026 STIP FUND ESTIMATE

Table 1 - Reconciliation to County and Interregional Shares

($ in millions)

Public Transportation Account (PTA)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total	6-Year Total
2026 FE PTA Target Capacity	$60	$60	$80	$60	$50	$50	$300	$360
Total 2026 STIP FE PTA Capacity	**$60**	**$60**	**$80**	**$60**	**$50**	**$50**	**$300**	**$360**
2024 STIP Program [1]	**$47**	**$43**	**$89**	**$412**	**$0**	**$0**	**$544**	**$590**
Extensions	$61	$29	$0	$0	$0	$0	$29	$90
Advances	($10)	$0	$0	$0	$0	$0	$0	($10)
Net PTA STIP Program	**$97**	**$72**	**$89**	**$412**	**$0**	**$0**	**$573**	**$670**
PTA Capacity for County Shares	**($37)**	**($12)**	**($9)**	**($352)**	**$50**	**$50**	**($273)**	**($310)**
Cumulative	**($37)**	**($49)**	**($58)**	**($410)**	**($360)**	**($310)**		

State Highway Account (SHA)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total	6-Year Total
2026 FE SHA Target Capacity	$525	$500	$500	$500	$460	$450	$2,410	$2,935
Total 2026 STIP FE SHA Capacity	**$525**	**$500**	**$500**	**$500**	**$460**	**$450**	**$2,410**	**$2,935**
2024 STIP Program [1]	**$527**	**$427**	**$491**	**$105**	**$0**	**$0**	**$1,023**	**$1,550**
Extensions	$134	$54	$0	$0	$0	$0	$54	$188
Advances	($136)	($25)	$0	$0	$0	$0	($25)	($160)
Net SHA STIP Program	**$526**	**$456**	**$491**	**$105**	**$0**	**$0**	**$1,052**	**$1,578**
SHA Capacity for County Shares	**($1)**	**$44**	**$9**	**$395**	**$460**	**$450**	**$1,358**	**$1,357**
Cumulative	**($1)**	**$43**	**$52**	**$447**	**$907**	**$1,357**		
Total Capacity	**($38)**	**$32**	**$0**	**$43**	**$510**	**$500**	**$1,085**	**$1,047**

Notes:

General note: Numbers may not add due to rounding.

[1] 2024 STIP as of June 13, 2025 (draft 2025 Orange Book)

Table 2 - Summary of Targets and Shares
($ in thousands)

County	2026 STIP Programming Total Target Share through 2030-31	Maximum Estimated Share through 2031-32
Alameda	14,047	28,584
Alpine	0	0
Amador	2,604	3,550
Butte	3,603	6,224
Calaveras	1,726	2,831
Colusa	3,711	4,453
Contra Costa	15,529	25,470
Del Norte	0	0
El Dorado LTC	0	0
Fresno	16,661	27,326
Glenn	1,302	2,078
Humboldt	3,054	5,814
Imperial	31,743	36,794
Inyo	6,845	10,815
Kern	29,169	43,723
Kings	0	991
Lake	7,459	8,677
Lassen	4,689	6,447
Los Angeles	150,550	234,119
Madera	4,901	6,802
Marin	0	0
Mariposa	3,305	4,020
Mendocino	0	982
Merced	5,512	9,041
Modoc	3,586	4,531
Mono	5,452	8,419
Monterey	20,320	25,279
Napa	0	0
Nevada	3,239	4,760
Orange	29,842	56,488
Placer TPA	1,563	5,412
Plumas	0	1,025
Riverside	37,345	61,251
Sacramento	53,046	66,834
San Benito	0	0
San Bernardino	42,593	69,858
San Diego	0	0
San Francisco	11,275	18,492
San Joaquin	11,826	19,396
San Luis Obispo	9,591	14,882
San Mateo	62,723	79,338
Santa Barbara	10,134	16,128
Santa Clara	41,250	48,642
Santa Cruz	4,352	7,138
Shasta	9,784	12,814
Sierra	2,674	3,197
Siskiyou	3,353	5,481
Solano	0	738
Sonoma	8,011	13,118
Stanislaus	9,902	15,240
Sutter	4,090	5,299
Tahoe RPA	2,069	2,725
Tehama	8,114	9,658
Trinity	7,188	8,306
Tulare	1,216	7,914
Tuolumne	4,636	5,858
Ventura	115,458	124,172
Yolo	3,152	5,727
Yuba	16,705	17,679
Statewide Regional	850,899	1,214,541
Interregional	196,089	332,447
TOTAL	**1,046,988**	**1,546,988**

	New Capacity
Statewide SHA Capacity	**1,357,246**
Statewide PTA Capacity	**(310,258)**
Total STIP Capacity	**1,046,988**

Table 3 - Calculation of New Programming Targets and Shares - Total Target

($ in thousands)

County	Net Carryover Unprogrammed Balance	Net Carryover Balance Advanced	2026 STIP Share through 2030-31 Formula Distribution	Add Back Lapses 2023-24 & 2024-25	**Net Share (Total Target)**	Net Advance
Alameda	0	(8,664)	22,711	0	**14,047**	0
Alpine	0	(1,511)	652	0	**0**	(859)
Amador	1,052	0	1,476	76	**2,604**	0
Butte	0	(492)	4,095	0	**3,603**	0
Calaveras	0	0	1,726	0	**1,726**	0
Colusa	2,553	0	1,158	0	**3,711**	0
Contra Costa	0	0	15,529	0	**15,529**	0
Del Norte	0	(3,682)	1,060	0	**0**	(2,622)
El Dorado LTC	0	(20,591)	3,023	0	**0**	(17,568)
Fresno	0	0	16,661	0	**16,661**	0
Glenn	90	0	1,212	0	**1,302**	0
Humboldt	0	(1,258)	4,312	0	**3,054**	0
Imperial	23,853	0	7,890	0	**31,743**	0
Inyo	643	0	6,202	0	**6,845**	0
Kern	6,434	0	22,735	0	**29,169**	0
Kings	0	(4,129)	3,122	0	**0**	(1,007)
Lake	5,558	0	1,901	0	**7,459**	0
Lassen	1,942	0	2,747	0	**4,689**	0
Los Angeles	0	0	130,550	20,000	**150,550**	0
Madera	1,931	0	2,970	0	**4,901**	0
Marin	0	(11,562)	3,990	0	**0**	(7,572)
Mariposa	2,188	0	1,117	0	**3,305**	0
Mendocino	0	(5,776)	4,120	0	**0**	(1,656)
Merced	0	0	5,512	0	**5,512**	0
Modoc	2,109	0	1,477	0	**3,586**	0
Mono	817	0	4,635	0	**5,452**	0
Monterey	0	(2,136)	7,747	14,709	**20,320**	0
Napa	0	(6,682)	2,595	0	**0**	(4,087)
Nevada	863	0	2,376	0	**3,239**	0
Orange	0	(11,786)	41,628	0	**29,842**	0
Placer TPA	0	(4,449)	6,012	0	**1,563**	0
Plumas	0	(1,686)	1,653	0	**0**	(33)
Riverside	0	0	37,345	0	**37,345**	0
Sacramento	31,371	0	21,538	137	**53,046**	0
San Benito	0	(11,338)	1,504	0	**0**	(9,834)
San Bernardino	0	0	42,593	0	**42,593**	0
San Diego	0	(179,915)	48,148	5,700	**0**	(126,067)
San Francisco	0	0	11,275	0	**11,275**	0
San Joaquin	0	0	11,826	0	**11,826**	0
San Luis Obispo	1,324	0	8,267	0	**9,591**	0
San Mateo	31,290	0	25,956	5,477	**62,723**	0
Santa Barbara	770	0	9,364	0	**10,134**	0
Santa Clara	0	0	11,548	29,702	**41,250**	0
Santa Cruz	0	0	4,352	0	**4,352**	0
Shasta	5,049	0	4,735	0	**9,784**	0
Sierra	1,858	0	816	0	**2,674**	0
Siskiyou	30	0	3,323	0	**3,353**	0
Solano	0	(10,654)	6,946	0	**0**	(3,708)
Sonoma	34	0	7,977	0	**8,011**	0
Stanislaus	1,563	0	8,339	0	**9,902**	0
Sutter	2,200	0	1,890	0	**4,090**	0
Tahoe RPA	1,044	0	1,025	0	**2,069**	0
Tehama	5,701	0	2,413	0	**8,114**	0
Trinity	2,740	0	1,748	2,700	**7,188**	0
Tulare	0	(9,247)	10,463	0	**1,216**	0
Tuolumne	2,726	0	1,910	0	**4,636**	0
Ventura	101,847	0	13,611	0	**115,458**	0
Yolo	0	(3,528)	4,024	2,656	**3,152**	0
Yuba	15,183	0	1,522	0	**16,705**	0
Statewide Regional	254,763	(299,086)	639,052	81,157	**850,899**	(175,013)
Interregional	0	(78,966)	213,018	62,037	**196,089**	0
TOTAL	254,763	(378,052)	852,070	143,194	**1,046,988**	(175,013)

Statewide SHA Capacity	**1,357,246**
Statewide PTA Capacity	**(310,258)**
Total	**1,046,988**

Table 4 - Calculation of Targets and Shares - Maximum

($ in thousands)

County	Net Carryover		2026 STIP Estimated Share through 2031-32			
	Unprogrammed Balance	Balance Advanced	Formula Distribution	Add Back Lapses 2023-24 & 2024-25	**Net Share (Maximum)**	Net Advance
Alameda	0	(8,664)	37,248	0	**28,584**	0
Alpine	0	(1,511)	1,070	0	**0**	(441)
Amador	1,052	0	2,422	76	**3,550**	0
Butte	0	(492)	6,716	0	**6,224**	0
Calaveras	0	0	2,831	0	**2,831**	0
Colusa	2,553	0	1,900	0	**4,453**	0
Contra Costa	0	0	25,470	0	**25,470**	0
Del Norte	0	(3,682)	1,738	0	**0**	(1,944)
El Dorado LTC	0	(20,591)	4,959	0	**0**	(15,632)
Fresno	0	0	27,326	0	**27,326**	0
Glenn	90	0	1,988	0	**2,078**	0
Humboldt	0	(1,258)	7,072	0	**5,814**	0
Imperial	23,853	0	12,941	0	**36,794**	0
Inyo	643	0	10,172	0	**10,815**	0
Kern	6,434	0	37,289	0	**43,723**	0
Kings	0	(4,129)	5,120	0	**991**	0
Lake	5,558	0	3,119	0	**8,677**	0
Lassen	1,942	0	4,505	0	**6,447**	0
Los Angeles	0	0	214,119	20,000	**234,119**	0
Madera	1,931	0	4,871	0	**6,802**	0
Marin	0	(11,562)	6,543	0	**0**	(5,019)
Mariposa	2,188	0	1,832	0	**4,020**	0
Mendocino	0	(5,776)	6,758	0	**982**	0
Merced	0	0	9,041	0	**9,041**	0
Modoc	2,109	0	2,422	0	**4,531**	0
Mono	817	0	7,602	0	**8,419**	0
Monterey	0	(2,136)	12,706	14,709	**25,279**	0
Napa	0	(6,682)	4,257	0	**0**	(2,425)
Nevada	863	0	3,897	0	**4,760**	0
Orange	0	(11,786)	68,274	0	**56,488**	0
Placer TPA	0	(4,449)	9,861	0	**5,412**	0
Plumas	0	(1,686)	2,711	0	**1,025**	0
Riverside	0	0	61,251	0	**61,251**	0
Sacramento	31,371	0	35,326	137	**66,834**	0
San Benito	0	(11,338)	2,466	0	**0**	(8,872)
San Bernardino	0	0	69,858	0	**69,858**	0
San Diego	0	(179,915)	78,969	5,700	**0**	(95,246)
San Francisco	0	0	18,492	0	**18,492**	0
San Joaquin	0	0	19,396	0	**19,396**	0
San Luis Obispo	1,324	0	13,558	0	**14,882**	0
San Mateo	31,290	0	42,571	5,477	**79,338**	0
Santa Barbara	770	0	15,358	0	**16,128**	0
Santa Clara	0	0	18,940	29,702	**48,642**	0
Santa Cruz	0	0	7,138	0	**7,138**	0
Shasta	5,049	0	7,765	0	**12,814**	0
Sierra	1,858	0	1,339	0	**3,197**	0
Siskiyou	30	0	5,451	0	**5,481**	0
Solano	0	(10,654)	11,392	0	**738**	0
Sonoma	34	0	13,084	0	**13,118**	0
Stanislaus	1,563	0	13,677	0	**15,240**	0
Sutter	2,200	0	3,099	0	**5,299**	0
Tahoe RPA	1,044	0	1,681	0	**2,725**	0
Tehama	5,701	0	3,957	0	**9,658**	0
Trinity	2,740	0	2,866	2,700	**8,306**	0
Tulare	0	(9,247)	17,161	0	**7,914**	0
Tuolumne	2,726	0	3,132	0	**5,858**	0
Ventura	101,847	0	22,325	0	**124,172**	0
Yolo	0	(3,528)	6,599	2,656	**5,727**	0
Yuba	15,183	0	2,496	0	**17,679**	0
Statewide Regional	254,763	(299,086)	1,048,127	81,157	**1,214,541**	(129,579)
Interregional	0	(78,966)	349,376	62,037	**332,447**	0
TOTAL	254,763	(378,052)	1,397,503	143,194	**1,546,988**	(129,579)

Statewide SHA Capacity	**1,807,246**
Statewide PTA Capacity	**(260,258)**
Total	**1,546,988**

DRAFT 2026 STIP FUND ESTIMATE
Table 5 - Planning, Programming, and Monitoring (PPM) Limitations
($ in thousands)

County	2024 STIP FY 2028-29	2026 STIP 2028-29 through 2030-31	Total 2028-29 through 2030-31	5% PPM Limitation 2028-29 through 2030-31
Alameda	14,859	22,711	37,570	**1,879**
Alpine	426	652	1,078	**54**
Amador	965	1,476	2,441	**122**
Butte	2,679	4,095	6,774	**339**
Calaveras	1,129	1,726	2,855	**143**
Colusa	757	1,158	1,915	**96**
Contra Costa	10,161	15,529	25,690	**1,285**
Del Norte	693	1,060	1,753	**88**
El Dorado LTC	1,976	3,023	4,999	**250**
Fresno	10,899	16,661	27,560	**1,378**
Glenn	792	1,212	2,004	**100**
Humboldt	2,819	4,312	7,131	**357**
Imperial	5,147	7,890	13,037	**652**
Inyo	4,042	6,202	10,244	**512**
Kern	14,844	22,735	37,579	**1,879**
Kings	2,042	3,122	5,164	**258**
Lake	1,243	1,901	3,144	**157**
Lassen	1,795	2,747	4,542	**227**
Los Angeles	85,396	130,550	215,946	**10,797**
Madera	1,943	2,970	4,913	**246**
Marin	2,610	3,990	6,600	**330**
Mariposa	730	1,117	1,847	**92**
Mendocino	2,693	4,120	6,813	**341**
Merced	3,605	5,512	9,117	**456**
Modoc	965	1,477	2,442	**122**
Mono	3,021	4,635	7,656	**383**
Monterey	5,067	7,747	12,814	**641**
Napa	1,697	2,595	4,292	**215**
Nevada	1,554	2,376	3,930	**197**
Orange	27,403	41,628	69,031	**3,452**
Placer TPA	4,043	6,012	10,055	**503**
Plumas	1,080	1,653	2,733	**137**
Riverside	24,414	37,345	61,759	**3,088**
Sacramento	14,093	21,538	35,631	**1,782**
San Benito	996	1,504	2,500	**125**
San Bernardino	27,868	42,593	70,461	**3,523**
San Diego	31,526	48,148	79,674	**3,984**
San Francisco	7,378	11,275	18,653	**933**
San Joaquin	7,736	11,826	19,562	**978**
San Luis Obispo	5,396	8,267	13,663	**683**
San Mateo	7,356	25,956	33,312	**1,666**
Santa Barbara	6,116	9,364	15,480	**774**
Santa Clara	17,182	11,548	28,730	**1,437**
Santa Cruz	2,847	4,352	7,199	**360**
Shasta	3,096	4,735	7,831	**392**
Sierra	534	816	1,350	**68**
Siskiyou	2,172	3,323	5,495	**275**
Solano	4,544	6,946	11,490	**575**
Sonoma	5,218	7,977	13,195	**660**
Stanislaus	5,456	8,339	13,795	**690**
Sutter	1,236	1,890	3,126	**156**
Tahoe RPA	611	1,025	1,636	**82**
Tehama	1,577	2,413	3,990	**200**
Trinity	1,142	1,748	2,890	**145**
Tulare	6,833	10,463	17,296	**865**
Tuolumne	1,249	1,910	3,159	**158**
Ventura	8,897	13,611	22,508	**1,125**
Yolo	2,632	4,024	6,656	**333**
Yuba	995	1,522	2,517	**126**
Statewide	418,175	639,052	1,057,227	**52,861**

Note: Limitation amounts include amounts already programmed.

DRAFT

2026 FUND ESTIMATE
AERONAUTICS ACCOUNT
($ in thousands)

	2025-26	2026-27	2027-28	2028-29	2029-30	4-Year Total	5-Year Total
RESOURCES							
Beginning Balance	$18,953						
Adjustment for Prior Commitments[1]	(10,687)						
ADJUSTED BEGINNING BALANCE[1]	**$8,267**						**$8,267**
Aviation Gas Excise Tax[2]	$1,880	$1,729	$1,567	$1,395	$1,229	$5,920	$7,800
Jet Fuel Excise Tax[2]	4,150	4,150	4,150	4,150	4,150	16,600	20,750
Interest (SMIF)	602	404	277	195	142	1,019	1,621
Federal Trust Funds	468	483	498	514	531	2,027	2,495
Transfer to Public Transportation Account	(30)	(30)	(30)	(30)	(30)	(120)	(150)
TOTAL RESOURCES	**$15,337**	**$6,736**	**$6,462**	**$6,225**	**$6,022**	**$25,446**	**$40,782**
COMMITMENTS							
STATE OPERATIONS							
State Operations	($4,224)	($4,356)	($4,493)	($4,634)	($4,780)	($18,264)	($22,488)
State Controller (0840)	(1)	(1)	(1)	(1)	(1)	(4)	(5)
Statewide General Administrative Expenditures (Pro Rata)	(256)	(264)	(273)	(281)	(290)	(1,108)	(1,364)
TOTAL STATE OPERATIONS	**($4,481)**	**($4,622)**	**($4,767)**	**($4,917)**	**($5,071)**	**($19,376)**	**($23,857)**
LOCAL ASSISTANCE							
Grants to Local Agencies (Annual Credit Program)	($1,500)	($1,500)	($1,500)	($1,500)	($1,500)	($6,000)	($7,500)
Airport Improvement Program (AIP) Match	0	0	0	0	0	0	0
Acquisition & Development (A&D)	0	0	0	0	0	0	0
TOTAL LOCAL ASSISTANCE	**($1,500)**	**($1,500)**	**($1,500)**	**($1,500)**	**($1,500)**	**($6,000)**	**($7,500)**

TOTAL RESOURCES AVAILABLE	**$9,356**	**$615**	**$196**	**($192)**	**($549)**	**$69**	**$9,425**
TARGET CAPACITY	**$1,500**	**$2,000**	**$2,000**	**$2,000**	**$2,000**	**$8,000**	**$9,500**

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

[1] Includes outstanding Plans of Financial Adjustment and encumbrances.

[2] Excise tax revenues are based on Department of Finance projections.

State of California | California State Transportation Agency
DEPARTMENT OF TRANSPORTATION

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 15-16, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 4.3, Action Item

Prepared By: Keith Duncan, Chief
Division of Budgets

Subject: **2026 STATE TRANSPORTATION IMPROVEMENT PROGRAM AND AERONAUTICS ACCOUNT FUND ESTIMATES – FINAL ASSUMPTIONS**

ISSUE:

Should the California Transportation Commission (Commission) approve the final assumptions for the 2026 State Transportation Improvement Program (STIP) Fund Estimate and the 2026 Aeronautics Account Fund Estimate?

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the Commission approve the final assumptions for the 2026 STIP Fund Estimate and the 2026 Aeronautics Account Fund Estimate.

BACKGROUND:

At the May 2025 Commission meeting, the Department will be requesting the Commission to approve one alternative from each of the following options located in Section One of the attached document:

- The Economic & Statutory Impact on Revenues (Fuel Consumption)
- Federal Revenues
- Motor Vehicle Account Transfers

Should the Commission approve the final assumptions, the Department plans to present the two Draft 2026 Fund Estimates at its June 2025 meeting, and the final versions of both Fund Estimates for adoption at the August 2025 meeting.

At the March 2025 Commission meeting, the Department presented the 2026 STIP Fund Estimate Draft Assumptions and requested that the Commission consider the "Alternatives" included as part of the assumptions in Section One. The Department has been working closely with Commission staff to finalize the draft assumptions. Statute requires that the Fund Estimate be based on current state and federal guidelines for estimating revenues. Should any budgetary action require the Department to update the assumptions between now and subsequent presentations, the Department will inform Commission staff and present the changes during the upcoming Commission meetings.

The final assumptions for the 2026 STIP Fund Estimate provide the basis for forecasting available capacity for the 2026 STIP and the 2026 State Highway Operation and Protection Program, while the assumptions for the 2026 Aeronautics Account Fund Estimate determine available capacity for the Aeronautics Account. The 2026 STIP Fund Estimate Final Assumptions are attached.

Attachment

- 2026 Fund Estimate Final Assumptions

2026 FUND ESTIMATE FINAL ASSUMPTIONS

PREPARED BY
CALIFORNIA DEPARTMENT OF TRANSPORTATION
DIVISION OF BUDGETS

INTRODUCTION

This report contains key assumptions and methodologies to be adopted during the California Transportation Commission (Commission) meeting on May 15-16, 2025, and contains three separate sections: Options, Significant Issues, and Assumptions. The purpose of Sections One and Two is to solicit discussion and obtain the Commission's feedback on various areas that influence the 2026 Fund Estimate (FE) as required by statute. The purpose of Section Three is to list all the various assumptions that are not considered key assumptions but still impact the 2026 FE.

Section One contains key assumptions and will include multiple alternatives with one recommendation from the California Department of Transportation (Department). In this section, the Department is seeking guidance from the Commission on the preferred assumption for each topic discussed. The Commission may select the Department recommended option, another listed alternative, elect to recommend an option not included in this document, or suggest a combination of such options.

Section Two contains key assumptions known as "significant issues" and will provide a background regarding an assumption that the Department is required to include in order to be in compliance with Section 14524(c) of the Government Code (GC). This code requires the Department to assume there will be no changes in existing state and federal statutes for display in the 2026 FE. The Department has no control over these assumptions, which will have inherent risks that may impact available funding and capacity as a result of complying with state and federal statute.

Section Three contains all the assumptions being included in the 2026 FE, including placeholders for assumptions derived in sections one and two of this report.

Between now and the August 2025 presentation date for the proposed adoption of the 2026 FE, the 2025-26 Budget Act, trailer bills, and/or initiatives may be enacted and could affect these assumptions (see the estimated timeline below). The Department will update assumptions as required by statute. Once the methodology and assumptions are approved, the Department will use these assumptions in determining the available program capacity for the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP) over the next five years.

Date	Objective
May 15-16	FE Assumptions approved by Commission
June 26-27	Draft FE presented to Commission
August 14-15	Final FE presented to Commission for adoption

SECTION ONE:
OPTIONS

THE ECONOMIC & STATUTORY IMPACT ON REVENUES

Option: How aggressive of an assumption should the 2026 FE display revenues given California's current economic climate, greater fuel efficiency in vehicles driven within the state, and the state's transition to zero-emission vehicles (ZEV), with their impact on fuel consumption?

Economic Background: Many of the revenues forecasted in the FE fluctuate with the status of the economy. During the economic growth associated with 2003 through 2006, California realized a slight rise in gasoline and diesel consumption (despite improved fleet fuel economy) and record increases in weight fee revenues. However, during the housing market crisis from 2007 through 2012, moderate decreases in both weight fee collections and fuel consumption occurred. As the economy rebounded from 2012 through 2019, California again saw an increase in fuel consumption and weight fee revenues until early 2020 when the COVID-19 pandemic had an immediate and significant negative impact on the state's economy and fuel consumption. Fuel consumption has rebounded; however, it has yet to reach pre-pandemic highs and the state's economic forecast is still in flux.

In February of this year, the UCLA Anderson Forecast, one of the most widely watched and often-cited economic outlooks for California, forecast that higher inflation and changes in federal policy under the new administration may adversely impact the economy. With the economy's continued growth and elevated inflation, the Federal Reserve has already signaled that rate cuts, if they were to occur, will be at a more gradual pace. Short-term interest rates are estimated to remain higher for a longer period and with inflation anticipated to make a modest return, long-term interest rates are forecast to go higher. Additionally, changes in tariff policy could be passed through into prices and fully born by the economy, resulting in higher price levels for many goods and services. Unemployment rates are forecast to increase to 5.8 percent and remain above 5 percent into late 2026. Consumer prices are forecast to be in the lower 3 percent range over the next two years. Real income is forecast to grow from increased activity in the tech sector, but employment growth will remain relatively flat at 1 percent per year.

In addition to California's economic impact on fuel consumption, in 2020, Governor Newsom signed Executive Order N-79-20 which set rules and regulations to transition all new passenger and light vehicle purchases from fuel consuming internal combustion engines to ZEV by 2035. The forecast for this transition displays increasingly diminished fuel consumption which will affect transportation revenues.

Statutory Background: The base excise tax on gasoline was adjusted in 1994 to 18 cents per gallon. The incremental excise tax, previously known as Price-Based Excise Tax (PBET), was introduced in 2010 as part of the Fuel Tax Swap. The intent of the Swap was to replace gasoline sales tax with an excise tax, adjusted annually to equal what would have been generated had the sales and excise tax rates remained unchanged. Consequently, the price of gas directly impacted excise tax collections. The volatility in gas prices made forecasting total revenues difficult at best.

Assembly Bill (AB) 105 authorized the transfer of weight fee revenues from the State Highway Account (SHA) to the Transportation Debt Service Fund (TDSF). In turn, an off the top amount from the incremental excise tax on gasoline is transferred to the SHA in the form of backfill, with the remainder allocated to STIP, Local Streets and Roads, and SHOPP. DOF projects that weight fee revenues will increase over the FE period. Given that current statute directs the entirety of weight fees diversions to be reimbursed first, the remaining revenue available to fund such projects is heavily influenced by adjustments in the incremental excise tax rate.

The California Department of Tax and Fee Administration sets annual rates per statute, which account for inflation based on direction provided by DOF using the California Consumer Price Index. Consequently, forecasted gross revenue collection is based on DOF's projected annual adjustments for incremental excise tax and base excise taxes. In the future, the greatest factor that will impact fuel-based taxes is consumption. Influences such as an economic downturn or the proliferation of increasingly fuel efficient, and alternative energy vehicles could reduce consumption along with fuel-based taxes in the future, which is why the Department should continue to explore modern transportation system funding alternatives.

Alternative A: This scenario utilizes a zero-growth baseline methodology for comparison purposes for gas and diesel consumption. Consumption values indicated are flat (remain unchanged) in diesel and gas demand beginning 2025-26. The net result is a display of notable growth in base excise and incremental excise tax resources over the five-year FE period.

Alternative B: This scenario utilizes the most recent (Federal) Energy Information Administration (EIA) projections for gas and diesel consumption. This federal-based model indicates consumption values at a marginal downward trend in gas and diesel demand over the FE period. Consumption changes are expected to be more than offset by the consumer price rate adjustments suggested by DOF. The net result is a display of gradual growth in base excise and incremental excise tax resources over the five-year FE period.

Alternative C (Recommended Alternative): This scenario utilizes the most recent DOF projections for gas and diesel consumption developed for the 2025-26 Governor's Budget. Consumption values indicate a gradual decline in diesel and gas demand through the end of the FE cycle. Consumption changes are expected to be partly offset by the consumer price rate adjustments suggested by DOF. The net result is a display of marginal growth, followed by flattening and the beginning of decline in excise tax resources over the five-year FE period.

Alternative D: This scenario utilizes fuel industry modeling from the most recent British Petroleum P.L.C (BP) projections for gas and diesel consumption. Consumption values indicate a slight decline in diesel and gas demand. Consumption changes are expected to be more than offset by the consumer price rate adjustments suggested by DOF. The net result is a display of notable growth in base excise and incremental excise tax resources over the five-year FE period.

Alternative E: This scenario utilizes California Air Resources Board's (CARB) EMFAC 2021 projections for gas and diesel consumption that are currently available. Consumption values indicate a decline in diesel and gas demand. Consumption changes are expected to be more than offset by the consumer price rate adjustments suggested by DOF. The net result is a display of marginal growth in base excise and incremental excise tax resources over the five-year FE period.

Alternative F: This scenario utilizes CARB most current available model (EMFAC 2021) projections with customizations that reflect compliance with Advanced Clean Cars II regulation. Consumption values indicate a decline in gas demand. Consumption changes are expected to be partly offset by the consumer price rate adjustments suggested by DOF. The net result is a display of gradual decrease in base excise and incremental excise tax resources over the five-year FE period. CARB anticipates releasing an updated EMFAC 2025 model that will directly incorporate Advanced Clean Cars II regulation in Spring of 2025.

ALTERNATIVE A (Utilizing Zero-Growth Flat Consumption Values)

Gross Revenues	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total
Base Excise Taxes on Gasoline & Diesel	$3,646	$3,739	$3,849	$3,942	$4,039	$4,128	**$19,698**
Incremental Excise Tax on Gasoline	2,883	2,961	3,039	3,117	3,195	3,266	**15,577**
Weight Fees	1,347	1,382	1,419	1,458	1,497	1,537	**7,293**
Weight Fee Diversion (to General Fund)	(1,347)	(1,382)	(1,419)	(1,458)	(1,497)	(1,537)	**(7,293)**
Total:	**$6,529**	**$6,700**	**$6,888**	**$7,059**	**$7,234**	**$7,394**	**$35,275**

ALTERNATIVE B (Utilizing EIA Consumption Values)

Gross Revenues	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total
Base Excise Taxes on Gasoline & Diesel	$3,646	$3,696	$3,760	$3,800	$3,836	$3,863	**$18,955**
Incremental Excise Tax on Gasoline	2,883	2,926	2,965	2,998	3,024	3,042	**14,955**
Weight Fees	1,347	1,382	1,419	1,458	1,497	1,537	**7,293**
Weight Fee Diversion (to General Fund)	(1,347)	(1,382)	(1,419)	(1,458)	(1,497)	(1,537)	**(7,293)**
Total:	**$6,529**	**$6,623**	**$6,725**	**$6,798**	**$6,860**	**$6,906**	**$33,911**

ALTERNATIVE C (Utilizing DOF Consumption Values) Recommended

Gross Revenues	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total
Base Excise Taxes on Gasoline & Diesel	$3,646	$3,669	$3,701	$3,700	$3,692	$3,673	**$18,436**
Incremental Excise Tax on Gasoline	2,883	2,899	2,910	2,907	2,896	2,875	**14,486**
Weight Fees	1,347	1,382	1,419	1,458	1,497	1,537	**7,293**
Weight Fee Diversion (to General Fund)	(1,347)	(1,382)	(1,419)	(1,458)	(1,497)	(1,537)	**(7,293)**
Total:	**$6,529**	**$6,569**	**$6,611**	**$6,607**	**$6,588**	**$6,548**	**$32,922**

ALTERNATIVE D (Utilizing BP Consumption Values)

Gross Revenues	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total
Base Excise Taxes on Gasoline & Diesel	$3,646	$3,714	$3,797	$3,864	$3,932	$3,991	**$19,298**
Incremental Excise Tax on Gasoline	2,883	2,941	2,998	3,054	3,110	3,157	**15,261**
Weight Fees	1,347	1,382	1,419	1,458	1,497	1,537	**7,293**
Weight Fee Diversion (to General Fund)	(1,347)	(1,382)	(1,419)	(1,458)	(1,497)	(1,537)	**(7,293)**
Total:	**$6,529**	**$6,655**	**$6,796**	**$6,918**	**$7,042**	**$7,149**	**$34,559**

ALTERNATIVE E (Utilizing CARB EMFAC Consumption Values)

Gross Revenues	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total
Base Excise Taxes on Gasoline & Diesel	$3,646	$3,673	$3,718	$3,746	$3,778	$3,805	**$18,720**
Incremental Excise Tax on Gasoline	2,883	2,900	2,921	2,943	2,966	2,984	**14,716**
Weight Fees	1,347	1,382	1,419	1,458	1,497	1,537	**7,293**
Weight Fee Diversion (to General Fund)	(1,347)	(1,382)	(1,419)	(1,458)	(1,497)	(1,537)	**(7,293)**
Total:	**$6,529**	**$6,573**	**$6,640**	**$6,690**	**$6,744**	**$6,789**	**$33,436**

ALTERNATIVE F (Utilizing CARB ACC2 Consumption Values - All Vehicles)

Gross Revenues	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total
Base Excise Taxes on Gasoline & Diesel	$3,646	$3,614	$3,583	$3,516	$3,434	$3,327	**$17,474**
Incremental Excise Tax on Gasoline	2,883	2,846	2,796	2,730	2,648	2,542	**13,563**
Weight Fees	1,347	1,382	1,419	1,458	1,497	1,537	**7,293**
Weight Fee Diversion (to General Fund)	(1,347)	(1,382)	(1,419)	(1,458)	(1,497)	(1,537)	**(7,293)**
Total:	**$6,529**	**$6,460**	**$6,379**	**$6,246**	**$6,082**	**$5,870**	**$31,037**

Note: $ in millions

FEDERAL REVENUES

Option: How much Federal Obligational Authority (OA) should the FE display over the 2026 FE period?

Background: Since 2003-04, Federal Highway Administration (FHWA) federal formula funding has represented the majority of total resources available for the SHOPP. These funds are transferred from the Federal Highway Trust Fund (FHTF), which is primarily funded from the federal excise tax on gasoline of 18.4 cents per gallon and 24.4 cents per gallon on diesel, miscellaneous truck and tire fees, and augmentations from the federal general fund.

The state receives formula fund apportionments that are ultimately calculated based on California's contributions to federal excise tax, as a percentage share of total deposits into the FHTF. The actual amount of federal formula funds the state can use on projects each year is governed by the OA, which is set annually based on what Congress authorizes in its annual Federal Appropriation Act.

The Infrastructure Investment and Jobs Act (IIJA), approved on November 15, 2021, provided authorization of approximately $350 billion for the federal-aid highway program from Federal Fiscal Year (FFY) 2022 to 2026 and is the largest federal investment in public transportation ever. Over the five-year period, funding levels increased by approximately 1.8 percent annually. The IIJA will expire at the end of FFY 2026. At present, it remains unclear what the new federal administration will pursue as part of a new transportation act.

The 2026 FE covers fiscal years 2026-27 through 2030-31, which is outside of the IIJA's funding horizon. Historically, in the absence of a new Federal Highway Act, Congress has issued continuing resolutions to provide short-term transportation funding at levels consistent with the most recent Act. Because adjustments in federal funding brought about by a new Act are difficult to predict and may dramatically alter the resources available for allocation on projects, future FE cycles may incorporate adjustments in accordance with new federal authority.

The FHWA provided projected formula apportionment levels to be distributed to states based on national formulas outlined in the federal transportation Act. Apportionments are a type of Federal budget authority allowed by Congress to direct states on how they are to spend available resources. However, OA acts as an annual amount of the apportionment that the state can actually use on projects.

If OA assumptions are set too low, the Department risks not having enough projects to use all available authority; especially if a reservation of projects is not created. This unused OA would be unavailable for programming future years. If OA assumptions are set too high, the Department may have insufficient resources to fully fund its schedule of projects. Over-programming may cause delays, increasing total costs and adversely impacting future projects.

Alternative A: Assume OA is equal to the average proportion of federal apportionments available over the preceding six-years with base year of $5.2 billion and a zero-growth methodology in subsequent years. This would result in about $26 billion in OA over the FE period.

Alternative B (Recommended Alternative): Assume OA is equal to the average proportion of federal apportionments available over the preceding six-years with base year of $5.2 billion and escalated annually using the inflationary rate during the entire IIJA funding period. This would result in about $27.4 billion in OA over the FE period and would represent year over year growth in OA of approximately 1.8 percent.

Alternative C: Assume OA is equal to the average proportion of federal apportionments available over the preceding six-years with base year of $5.2 billion and escalated annually using forecasted National Consumer Price Index. This would result in about $29.1 billion in OA over the FE period and would represent year over year growth in OA of approximately 4.2 percent.

Alternative D: Assume federal programs with direct general funding will no longer be included when the IIJA expires. Beginning in FFY 2027 with OA set at $4.7 billion and a zero-growth methodology in subsequent years. This would result in about $23.4 billion in OA over the FE period.

MOTOR VEHICLE ACCOUNT TRANSFERS

Option: What should the 2026 FE display as an assumption for the transfer of excess Motor Vehicle Account (MVA) funds to the SHA?

Background: Section 42273 of the Vehicle Code (VC) requires the State Controller's Office (Controller) to transfer the MVA balance remaining on the last day of the preceding month to the SHA, unless there is an immediate need of MVA funding. Despite the 2025-26 Governor's Budget displaying an estimated MVA fund balance of about $160 million for 2025-26, the account is projected to become insolvent without legislative action. The recent Governor's Budget proposed fund transfers from other state accounts and expenditure reductions to keep the MVA solvent. Due to the current circumstances facing the account, it is highly unlikely any portion of the MVA balance will be available for transfer to the SHA over the FE period.

Ordinarily it would be beneficial to display a transfer to the SHA as this would increase available funding for the SHOPP. However, if transfers are not made by the Controller and the 2026 FE displays an assumption that transfers would occur, SHA resources would be overstated.

As recommended by the Department in the 2024 FE, an assumption that the Controller will not make any transfers to the SHA from the MVA over the FE period was chosen. The SHA failed to receive any transfers from the MVA for Section 42273 of the VC.

Alternative A (Recommended Alternative): Assume the Controller will not make any transfers to the SHA over the FE period.

Alternative B: Assume the Controller will transfer $5 million each year for the FE period.

Alternative C: Assume the Controller will transfer $15 million each year for the FE period based on an analysis that would represent a 5 percent transfer of the lowest ending fund balance from the MVA in the past 10 years.

SECTION TWO:
SIGNIFICANT ISSUES

Executive Order N-79-20

Issue: California's Executive Order N-79-20 requires that all new cars and passenger trucks sold are ZEV by 2035. The Order also requires the same emissions status for medium and heavy-duty vehicles by 2045. ZEVs include battery-electric vehicles, hydrogen fuel cell vehicles and plug-in hybrid electric vehicles. This transition from internal combustion engine (ICE) vehicles to ZEVs will dramatically reduce demand for gasoline and diesel fuels, which will negatively impact transportation revenues. Excise taxes on fuel consumption is the largest state revenue source for state and local transportation needs.

Background: In an effort to combat climate change, on September 23, 2020, Governor Newsom signed executive order N-79-20. The executive order tasked the CARB to develop and augment vehicle regulations for the transition to ZEVs. On August 25, 2022, CARB approved the Advanced Clean Cars II (ACC II) rule, which set regulations for California's path to quickly reduce light-duty, pickup truck and SUV emissions beginning with the 2026 models through 2035. The ZEV Regulation, which was designed to achieve the state's long-term emission reduction goals, was amended to increase requirements of ZEV sales and associated actions to support the wide-scale adoption. The Low-emission Vehicle Regulation was also amended to include increasingly stringent standards for ICE, smog producing, vehicles.

Transfer to State Transit Assistance

Issue: Before the enactment of Senate Bill (SB) 1 there were two sales taxes on diesel fuel in California. Existing law required and still includes that a base sales tax on diesel (4.75 percent) be split 50 percent to the Public Transportation account (PTA) and 50 percent to State Transit Assistance (STA). Statute prior to SB 1 also provided that the entirety of the second sales tax (1.75 percent) be redirected from PTA to STA. The enactment of SB 1 includes an additional sales tax on diesel fuel (4 percent). Provisions in SB 1 require 3.5 percent of the new tax to be directed to STA with the remaining 0.5 percent to be allocated to the State Rail Assistance (SRA) intercity rail and commuter rail. This results in approximately 73 percent of total sales tax revenue from diesel fuel being directed to STA. It should be noted that sales tax revenues can be volatile because they are based on the price of fuel and the overall economy can impact the sales of diesel fuel, adding to volatility.

Background: On March 22, 2010, AB 9 of the Eighth Extraordinary Session of 2009-10 (ABX8 9) was signed into law, which among other items, required a 75 percent transfer of sales tax revenues deposited in the PTA to STA. This only applied to the state portion of sales tax on diesel fuel.

On November 2, 2010, voters approved Proposition 22, which amended Article XIX A of the California Constitution to require a 50 percent transfer of spillover, Proposition 111, and sales tax on diesel fuel revenues from the PTA to STA. In addition, Proposition 22 also amended Article XIX B of the California Constitution to require a 50 percent transfer of Proposition 42 revenues from the PTA to STA.

On November 2, 2010, voters approved Proposition 26, which amended Section 3 of Article XIII A of the California Constitution. This new law required two-thirds approval by the Legislature for any change in statute that resulted in taxpayer paying a higher tax. Further, this law required that legislation passed between January 1, 2010 and November 3, 2011, not in compliance with the two-thirds requirement, to be considered void unless reenacted with the requisite vote. On September 29, 2010, the Legislative Analyst's Office concluded that the Fuel Tax Swap (ABX8 6 and ABX8 9) was not in compliance with Proposition 26 and was voided on November 3, 2011.

On March 24, 2011, AB 105 of 2011 re-enacted the Fuel Tax Swap, created a weight fee swap, and redirected the state portion of sales tax on diesel from the PTA to STA, which funds local transit operations and capital. The bill created an increase to sales tax on diesel (1.75 percent in 2014-15 and thereafter) and required all of the additional increase to be directed to STA from the PTA. Combined with other existing statutes, STA receives the majority of sales tax on diesel revenues.

On April 28, 2017, SB 1 was enacted, increasing the sales tax rate on diesel fuel by 4 percent on top of the previous 1.75 percent for a net additional sales tax of 5.75 percent. The 4 percent increase in sales tax will again be directed from the PTA to the STA as well as commuter and intercity rail, resulting in no new resources for the PTA.

Streets & Highways Code Section 183.1 Revenues

Issue: Per Streets & Highways Code (S&HC) Section 183.1 money deposited into the SHA that is not protected by Article XIX of the California Constitution is transferred from the SHA into the TDSF for debt service on transportation bonds. Money not subject to Article XIX as defined by Section 183.1 includes, but is not limited to, the sale of documents, charges for miscellaneous services to the public, condemnation deposit fund investments, rental of state property, and other miscellaneous uses of property or money. New legislation could alter the transfer of money as defined by Section 183.1 which could impact Section 183.1 transfers from the SHA. In the interim, the 2026 FE assumptions will be based on current statute.

Background: On July 6, 2000, AB 2928 was signed into law, which among other items, added Section 183.1 to the S&HC. At that time, this section required that money not subject to Article XIX of the State Constitution be transferred from SHA into PTA. Section 183.1 was originally created during a period when PTA funding was in short supply. The money associated with the statute were transferred from the SHA to the PTA each year to help the fund remain solvent. At that time, since the money was not protected by the State Constitution, the Legislature could divert Section 183.1 resources to aid in General Fund shortfalls and/or offset future transportation bond debt service.

AB 105 (Chapter 6, Statutes of 2011) amended Section 183.1 of the S&HC, by requiring the Controller to transfer prior year money from the SHA to the TDSF for 2010-11 through 2012-13. Pursuant to AB 105, the money was scheduled to remain in the SHA until appropriated beginning in 2013-14, but SB 85 was signed into law, amending Section 183.1 to continue the annual transfer to the TDSF indefinitely.

The 2024 FE assumed that Section 183.1 resources would be transferred from the SHA into the TDSF annually. Because the 2026 FE is required to forecast based on current state statute, Section 183.1 transfers from SHA to TDSF will continue over the FE period.

Senate Bill 1 – Road Repair and Accountability Act of 2017

Issue: The 2026 STIP FE assumes fuel excise tax rates to increase over the fund estimate period due to the enactment of SB 1.

SB 1 establishes an annual adjustment to fuel excise tax rates using the California Consumer Price Index as an inflator. Because SB 1 has indexed tax rates for inflation, there should be a higher degree of predictability as to resources generated from fuel excise taxes. Tax rates are expected to grow and offset forecasts which predict lower fuel consumption as the state transitions to increasingly fuel-efficient vehicles and ZEVs. Increases in excise tax resources would be realized by the SHA and the Road Maintenance and Rehabilitation Account (RMRA) and would increase programming capacity for the 2026 FE period. However, as we near 2035, accelerated declines in forecasted fuel consumption would impact excise tax resources and could decrease programming capacity in the future. The state should continue to explore alternative means of funding outside the traditional fuel-based excise taxes as more fuel efficient, alternative energy vehicles continue to replace internal combustion engines.

SB 1 establishes the RMRA. After specified allocations, 50 percent of the remaining funds are to be continuously appropriated to the department for maintenance and rehabilitation (SHOPP) purposes. Over the five-year FE period, it is estimated this will amount to $9.7 billion in additional resources to both maintenance and the SHOPP from the RMRA. Out of the $9.7 billion in additional resources, $2 billion is designated for bridge and culvert maintenance and rehabilitation.

SB 1 has also increased the additional sales tax rate on diesel fuel by 4 percent on top of the previous 1.75 percent for a net additional sales tax of 5.75 percent. The additional increase in sales tax will be directed from the PTA to STA and SRA.

Background: SB 1 was enacted April 28, 2017. The bill creates three new programs including the Road Maintenance and Rehabilitation Program, the Advance Mitigation Program, and the Solutions for Congested Corridors Program. It also creates two new accounts including the RMRA and the Trade Corridor Enhancement Account. Finally, it creates several new revenue streams for the Department, as a whole, derived from a mix of new taxes and fees. Most additional taxes and fees generated from SB 1 have been indexed for inflation, which is a notable change from prior gas tax legislation.

Proposition 69 approved by the general public June 5, 2018, further protects certain transportation revenues provided by SB 1. Proposition 69 was a part of the legislative package that included the Road Repair and Accountability Act of 2017. Per statute, it is required that revenues from the diesel sales tax and Transportation Improvement Fee be dedicated for transportation-related purposes.

Proposition 6 was targeted at revoking key resources provided by SB 1. The majority of the public opposed Proposition 6 in the California General Election held November 6, 2018, which will leave SB 1 resources in place for the estimates to be provided in the current FE.

Intercity Rail Passenger Program Increase

Issue: The 2026 STIP FE displays approved increases to the annual Budget Act appropriations for the Intercity Rail Passenger Program through fiscal year 2026-27. This change increases commitments in the PTA and will result in lower available capacity for the 2026 FE.

Background: The annual Budget Act appropriated approximately $131 million for the operation of state supported intercity rail passenger service. Through the annual business plan, the Department allocates the amount to Joint Power Authority agencies to administer and operate their respective services. The annual operating expense appropriation for intercity rail passenger operations remained fixed at $131 million since 2015 and did not keep pace with inflation. The program is facing an operating shortfall due to COVID-induced declines in ridership and increased costs to operate the service. As part of the discussions for the Budget Act of 2024 (AB 107), a three-year increase to the standard appropriations was approved for fiscal years 2024-25 through 2026-27 and average approximately $70 million annually over the three-year period.

SB 132 – An Act to Amend the Budget Act of 2016

Issue: The enactment of SB 132 contains an appropriation of $400 million in PTA resources over an estimated 10-year period. The bill requires funds appropriated be used for project specific purposes. The funds appropriated are required to be used for the extension of the Altamont Corridor Express to Ceres and Merced, including system improvements.

SECTION THREE:
ASSUMPTIONS

METHODOLOGY

The FE is based on assumptions and methodologies used to forecast revenues and expenditures in order to determine the estimated remaining cash available for programming. This section includes the general methodologies used in the development of the FE.

Statutory Guidance

Section 14525(c) of the GC requires the FE to be based on current state and federal statutes for estimating revenues. Section 163 of the S&HC provides guidance for the use of all transportation funds available to the state, including the priority of expenditures for administration, maintenance and operation, rehabilitation, local assistance, and the STIP.

Unless otherwise noted, the most recent California DOF Price Letter will be used to determine an annual price escalation rate for state operations expenditures per Section 14525.1 of the GC. This does not include escalation rates for capital outlay support.

Section 14529.7 of the GC regulates reimbursement projects covered by AB 3090 where the Commission, Department, region, and local agency may enter into a financing arrangement. Under the cash reimbursement scenario, the local agency receives a direct, future cash reimbursement for early delivery of a programmed STIP project, with its own local funds.

Revenue & Expenditure Projections

A. For each fund, the beginning cash balance will be calculated from the cash balance report from the Controller on July 1, 2025.

B. Interest income to those funds with balances in the Surplus Money Investment Fund (SMIF) will be based on the most current published SMIF rate from the Controller.

C. Revenue forecasts which cover the FE period (fiscal years 2026-27 through 2030-31) are based on historical trends, the economic outlook, and consultation with the DOF.

D. The FE assumes usage of local assistance federal funding in the year received.

E. The Department developed program expenditures and cash flow estimates by working with each respective departmental Program and/or Division.

F. The FE displays an assumption that federal funding will be distributed to the state and local agencies based on a historical allocation of a 63/37 split of available resources, respectively. This also includes the allocation for the August Redistribution.

G. The enactment of SB 1 provides that, after specified allocations are made from available resources, 50 percent of the remaining balance of revenues deposited into the RMRA go to the Department for maintenance or SHOPP purposes. Over the five-year FE period, it is projected this will generate over $9.7 billion in additional resources to the SHOPP from the RMRA. Out of the $9.7 billion in additional resources, $2 billion is designated for bridge and culvert maintenance and rehabilitation.

Conversion to Capacity

H. The 2026 FE will incorporate a "cash flow" model that schedules funding capacity based upon defined commitments and is consistent with the method used to manage the allocation of capital projects.

- Each FE table will display forecasted revenue estimates, less commitments (as defined by the approved assumptions) in order to determine the cash available for programming.
- Conversion of cash available for programming to capacity is based on linear programming to optimize capacity, while maintaining a prudent cash balance and minimizing annual fluctuations of program levels. Methodology assumes that capital projects liquidate based on historical spending patterns.
- Program capacity represents the total value of projects that can be funded, and includes support, local assistance, right-of-way (R/W), and construction.

I. The county share system established by SB 45 (Chapter 622, Statutes of 1997) defines the methodology for determining the level of programming. The FE displays this system to identify the funds available for programming over the FE period.

STATE HIGHWAY ACCOUNT ASSUMPTIONS

Minimum Operating Cash:

The Department recognizes that the SHA needs to maintain a minimum level of operating cash sufficient to meet monthly operating commitments, daily fluctuations, and the revenue and expenditure cycles that occur during the year. In addition, the SHA balance must also cover monthly expenditures during delays in the adoption of state and federal budgets.

SHA 1. *Based on an ongoing analysis of monthly SHA receipts less expenditures, a minimum level of operating cash of $415 million would sufficiently cover 90 percent of the monthly volatility in the SHA.*

SHA Revenues & Transfers

State Excise Tax on Fuel Revenues:

California adjusts base fuel excise tax annually. In 2025-26, gasoline base excise tax will be 23.1 cents per gallon and diesel base excise tax is 20.6 cents per gallon. These consumption-based revenues are transferred from the Highway Users Tax Account to cities, counties, and the SHA per Sections 2104 through 2108 of the S&HC on a monthly basis. The Fuel Tax Swap of 2010 eliminated general statewide sales tax on gasoline and replaced it with PBET at the time, adjusted annually with the requirement of generating the same revenue as the sales tax. SB 1 was enacted in 2017 and provides an annual adjustment for inflation. Proposed inflationary rates to adjust excise taxes are to be provided by DOF and will be built into the assumed revenue increases. However, other uncertain macroeconomic factors that could impact consumption have been discussed in The Economic & Statutory Impact on Revenues (shown above).

SHA 2. ***See Section One – The Economic & Statutory Impact on Revenues***

Weight Fee Revenues:

Section 9400 of the VC authorizes the use of motor vehicle registrations weight fees for transportation purposes. These revenues are derived from registration and renewal fees charged to commercial vehicles and pick-up trucks based on weight. AB 105 was enacted in 2011, authorizing transfers of weight fee revenues from the SHA to the TDSF for debt service on transportation bonds. To offset this diversion, an equivalent amount from the incremental excise tax on gasoline is transferred to the SHA.

SHA 3. ***See Section One – The Economic & Statutory Impact on Revenues***

Other State Revenues:

Other SHA revenues include interest received from the SMIF and revenues from Other Regulatory Licenses and Permits.

SHA 4. *Revenues from SMIF and Other Regulatory Licenses and Permits will total approximately $76 million over the FE period based on revenue model projections.*

S&HC Section 183.1 Transfers:

In 2013, SB 85 was signed into law, amending Section 183.1 of the S&HC to annually transfer the miscellaneous revenues not subject to Article XIX of the State Constitution from the SHA to the TDSF permanently, beginning in 2013-14.

SHA 5. ***See Section Two – Section 183.1 Revenues***

S&HC Section 194 Transfers:

Section 194 of the S&HC requires the Controller to transfer funds for the pro-rata share of highway planning and exclusive public mass transit guideway planning from the SHA to the PTA.

SHA 6. *Section 194 transfers are based on PTA state operations expenditures and are projected to remain constant at approximately $25 million a year over the FE period.*

MVA Transfers:

Pursuant to Section 42273 of the VC, the Controller mandates transfer of the MVA balance remaining on the last day of the preceding month, unless there is an immediate use of MVA funding.

SHA 7. ***See Section One – Motor Vehicle Account Transfers***

Federal Revenues:

Federal revenues account for the majority of total SHA resources, excluding those that are dedicated to the STIP. These revenues come from the FHTF, which is primarily funded from the federal excise taxes on gasoline of 18.4 cents per gallon and 24.4 cents per gallon on diesel. The state receives apportionments set by the Federal Highway Act, which are ultimately governed by California's contribution as a percentage share of total contributions into the FHTF.

The most recent Federal Highway Act, the IIJA, was signed into law on November 15, 2021, and provided authorization of approximately $350 billion for the federal-aid highway program from FFY 2022 to 2026.

The 2026 FE covers 2026-27 through 2030-31, which is outside of the IIJA's funding horizon. Historically, in the absence of a new Federal Highway Act, Congress has issued continuing resolutions to provide short-term transportation funding at levels consistent with the most recent Act. Because adjustments in federal funding brought about by a new Act are difficult to predict, and may alter the resources available for projects, future FE cycles may incorporate adjustments in accordance with new federal authority.

SHA 8. ***See Section One – Federal Revenues***

SHA 9. *The 2026 FE assumes an August Redistribution of $495 million per year based on the average amount received by California from 2016-17 through 2023-24. The Redistribution will be split approximately $312 million (63 percent) to the state, and $183 million (37 percent) to the local agencies.*

SHA 10. *The Federal-aid Highway Emergency Relief Program, commonly referred to as the Emergency Relief Program, supplements the commitment of resources by states, their political subdivisions, or other Federal agencies to help pay for unusually heavy expenses resulting from extraordinary conditions. California has averaged approximately $292 million annually over the previous five fiscal years.*

SHA 11. *The 2026 FE includes a $16 million "set-aside" for Coordinated Border Infrastructure projects. The set-aside is reserved from the state's share of "any-area" Surface Transportation Block Grant Program (STBGP) funds. This will not impact any federal funding available to local agencies. The amount proposed for set-aside is equal to five percent of "any-area" STBGP funds retained by the state.*

Advanced Construction (AC):

Advance construction allows the Department to implement a project with its own funds and be reimbursed for the federal share when federal funds are available for AC conversions/actual obligations. AC can be used as a cash management tool to minimize the impact of project delays. All advance construction projects must proceed with normal federal approvals as though the project were to be eligible for current federal funding. This can be performed without impact to the SHA. AC is also used to create a reservation of federal eligible projects to leverage against project award savings and any unforeseen increases to federal or state revenues that would impact the SHOPP capacity.

SHA 12. *The Department will maintain an AC level that is equivalent to one year's worth of OA. AC will be used as a cash management tool and as a reservation of federal eligible projects to hedge against increases to available federal resources.*

SHA Expenditures

BCP Reservation:

Budget Change Proposals (BCP) and finance letters are proposals to change the level of service or funding for activities authorized by the State Budget or to request new program activities not currently authorized.

SHA 13. *The 2026 STIP FE will include a total reservation of $150 million over the five-year FE period.*

State Funds for Local Assistance:

State funds for Local Assistance are used for the STBGP State Match and Exchange, Bridge Inspection & Seismic Retrofit Programs, Freeway Service Patrol, Railroad Grade Separations, and SB 137 Exchange, in addition to other miscellaneous local programs.

SHA 14. *State expenditures assume allocations of approximately $178 million per year over the FE period, consistent with the Commission's 2024-25 initial lump sum allocation for Local Assistance (Resolution FM-24-01).*

STIP Commitments:

Section 163 of the S&HC identifies the priorities for the use of all transportation funds available to the state. These priorities include expenditures for administration, maintenance and operations, rehabilitation, and local assistance. Prior to calculation of resources available for new STIP, the FE set aside resources for existing STIP commitments.

SHA 15. *Capital Outlay Support (COS) expenditures are based on a continuation of all STIP components programmed prior to 2025-26 and all STIP components programmed to begin in 2025-26.*

SHA 16. *Capital expenditures are based on a continuation of all STIP project allocations prior to 2024-25, allocations in 2024-25, projects programmed in 2024-25, but not yet allocated, and projects programmed in 2025-26.*

SHA 17. *Prior R/W commitments are defined as all R/W projects in the STIP that are programmed for 2025-26 and prior years.*

SHA 18. *Non-programmed STIP R/W includes an annual estimate based on forecasted R/W lump sum allocations of non-programmed R/W components for project development fees, inverse condemnation, and post-certification costs.*

SHA 19. *Capital project costs shall be escalated at 6.19 percent annually, consistent with the historical trend of the National Highway Construction Cost Index (NHCCI) provided by FHWA.*

SHOPP Commitments:
Prior to calculating resources available for the SHOPP, the SHA FE table will display a set-aside of resources for existing SHOPP commitments.

SHA 20. *COS expenditures are based on a continuation of all SHOPP components programmed prior to 2025-26, SHOPP preliminary engineering components programmed in 2025-26, and SHOPP construction engineering components programmed to begin in 2025-26.*

SHA 21. *Prior R/W commitments are defined as all R/W projects in the SHOPP that are programmed for 2025-26 and prior years.*

SHA 22. *Non-programmed SHOPP R/W includes an annual estimate based on forecasted R/W lump sum allocations of non-programmed R/W components for inverse condemnation and post-certification costs.*

SHA 23. *Capital expenditures are based on a continuation of all SHOPP project allocations prior to 2025-26, 2024-25 programmed projects not yet allocated, projects programmed in 2025-26.*

SHA 24. *Capital project costs shall be escalated at 6.19 percent annually, consistent with the historical trend of the NHCCI provided by the FHWA.*

SHA 25. *Preparation costs for Project Initiation Documents (PID's) are included as a component of state operation expenditures and are based on the latest available data for base year relating to SHOPP as well as non-SHOPP PID's. Costs are escalated over the FE period at a rate consistent with other state operation expenditures.*

SHA 26. *Closeout capital savings average approximately five percent. This is primarily due to unused contingency funds. The 2026 FE assumes a five percent increase to programming capacity in order to offset these savings.*

Active Transportation Program:
The Active Transportation Program (ATP), articulated in SB 99 and signed into law in 2013, consolidated five separate programs that funded bicycle and pedestrian projects, including the federal Transportation Alternatives Program (TAP), federal Safe Routes to Schools Program, State Safe Routes to Schools Program, and the State Bicycle Transportation Account Program. The Recreational Trails Program was included as an optional part of the TAP funding. However, the FAST Act eliminated the MAP-21 TAP and replaced it with a set-aside of STBGP funding. The intent of combining the five separate programs was to improve flexibility and reduce the administrative burden of having several small independent grant programs. The enactment of SB 1 established an additional $100 million in annual resources for ATP from the RMRA. A separate FE and adoption schedule is required for the ATP.

SHA 27. *The ATP divides approximately $181 million of state SHA and federal resources annually over the fund estimate period and is consistent with the 2025 Amended ATP FE adopted by the Commission in August 2024. ATP funding is not available for SHOPP or STIP capacity.*

SHA 28. *Per SB 1, $100 million in revenue shall be made available annually from the RMRA for expenditure, upon appropriation by the Legislature, for ATP projects and are to be allocated by the Commission.*

ROAD MAINTENANCE & REHABILITATION ACCOUNT (RMRA) ASSUMPTIONS

RMRA Revenues & Transfers

Available Balance & Resources:

The RMRA is required to first distribute resources to self-help counties, ATP, bridges and culverts, Freeway Service Patrol, local planning grants, and other programs. After priority allocations, statue requires the remaining balance be shared 50/50 between local agencies and the Department for maintenance and SHOPP purposes. The DOF provides the primary resource values for RMRA on a cash basis, although the RMRA is a modified accrual account.

The beginning balance will be derived from values provided by the Controller's Office. The Controller provides values that match amounts being transferred to locals and is assumed to be the 50 percent match that is equal to allocations for maintenance and SHOPP purposes.

RMRA 1. *The Department will use the most recently calculated set of pending distributions from the RMRA after priority allocations to arrive at an estimated beginning balance.*

RMRA 2. *Annual, ongoing resources dedicated to the Department for maintenance and SHOPP purposes are provided by DOF. The Department will utilize the most recent values provided by DOF to estimate maintenance and SHOPP resources over the five-year FE period.*

RMRA 3. *Per SB 1, $100 million in remaining revenues shall be made available annually from the RMRA for expenditure, upon appropriation by the Legislature, for ATP projects and are to be allocated by the Commission.*

RMRA Expenditures

Maintenance:

RMRA 4. *Maintenance expenditures for 2025-26 are based on estimated program needs to cover current support positions in 2024-25 as well as proposed positions for 2025-26. The balance of projected expenditures will be divided between bridges, highway maintenance, and field work.*

Capital Outlay:

RMRA 5. *Capital expenditures are based on a continuation of all RMRA project allocations prior to 2025-26, 2024-25 programmed projects not yet allocated, and projects programmed in 2025-26.*

Capital Outlay Support:

RMRA 6. *COS expenditures are based on a continuation of all RMRA components programmed prior to 2025-26, RMRA preliminary engineering components programmed in 2025-26, and RMRA construction engineering components programmed to begin in 2025-26.*

PUBLIC TRANSPORTATION ACCOUNT ASSUMPTIONS

Minimum Operating Cash:

The PTA requires a minimum level of operating cash sufficient to meet its monthly operating commitments, daily fluctuations, and the revenue and expenditure cycles that occur during the year.

PTA 1. *Based on historical data and projected expenditures from updated analysis of monthly PTA receipts less expenditures, a minimum level of operating cash of $300 million would sufficiently cover 95 percent of the monthly volatility in the PTA.*

PTA Revenues & Transfers

Sales Tax on Diesel:

The sales tax rate on diesel dedicated to transportation prior to the passage of SB 1 included a 6.50 percent sales tax per gallon of diesel fuel sold. The rate in excess of 4.75 percent (1.75 percent) was and still is dedicated to STA as a result of the Fuel Tax Swap of 2010. One half of the 4.75 percent is also dedicated to STA, while the other half remains in the PTA for other state purposes. SB 1 includes an increase of an additional 4 percent to the diesel sales tax rate for a total of 10.5 percent sales tax per gallon of diesel fuel for transportation purposes. Of the new 4 percent, 3.5 percent is dedicated to STA and the remaining 0.5 percent will be held short-term in the PTA for later allocations to Commuter and Intercity Rail. Approximately $4.45 billion and $292 million of the diesel sales tax revenue deposited in the PTA are to be transferred to STA and Commuter & Intercity Rail respectively over the FE period.

PTA 2. *The FE projects that net Retail Sales and Use Tax on diesel fuel will increase by an average of 2.8 percent annually over the FE period based on DOF projections and trends. The amounts corresponding to percentage splits that flow out of the PTA to STA and to Commuter and Intercity Rail are based on statute.*

Transfer from the Aeronautics Account:

PTA 3. *Section 21682.5 of the Public Utilities Code requires an annual transfer equal to the pro rata share of transportation duties attributable to aviation planning and research from the Aeronautics Account. This amount is projected to remain constant at $30,000 in each year of the FE.*

PTA Expenditures

State Operations:

PTA 4. *Assume no reservations for BCP or finance letters over the five-year FE period.*

Intercity Rail Operations:

PTA 5. *Intercity rail is part of the state operations expenditures in the PTA.*

A. *Intercity rail and bus operations base expenditures for existing services consisting of 13 roundtrips on the Pacific Surfliner Service, 15 weekday and 11 weekend roundtrips on the Capital Corridor Service, and 7 roundtrips on the San Joaquins service will be used to forecast 2025-26 and costs will remain unadjusted over the five-year FE period.*

B. *The Department's estimated need for rail heavy equipment maintenance, acquisition, technical services, and overhaul over the FE period is approximately $164 million.*

C. *The Department assumes the three-year increase to the Intercity Rail Passenger Program for fiscal years 2024-25 to 2026-27 will be committed in the appropriation year.*

Local Assistance:

PTA 6. *Bay Area Ferry operation expenditures will escalate by one percent per year based on the signed cooperative agreement between the Department, Metropolitan Transportation Commission, and Bay Area Toll Authority on November 15, 2000.*

Prior PTA STIP Commitments:

Prior to calculating resources available for new STIP, the FE will display a set-aside of resources for existing STIP commitments.

PTA 7. *Capital expenditures are based on a continuation of all STIP components allocated prior to 2025-26, all STIP components programmed to begin in 2025-26, and non-highway AB 3090 projects.*

Altamont Corridor Express (SB 132):

SB 132 creates an appropriation item for local assistance with funding payable from the PTA. Funds appropriated in this item are to be used for the Altamont Corridor Express (ACE) to Ceres and Merced. SB 132 requires $400 million in resources for ACE be derived from the PTA. Funding is to be available for encumbrance and liquidation until June 30, 2027.

PTA 8. *The Department assumes a 10-year allocation schedule as offered by CalSTA for the expected schedule of project cash flows to ACE from the PTA. To date, $226 million has been allocated and it is estimated that as much as $174 million could be allocated between 2025-26 and 2026-27. Assume that TIRCP will absorb the ACE impact to PTA resources totaling $174 million in the 2026 FE.*

GENERAL OBLIGATION BONDS ASSUMPTIONS

General Obligation Bonds:

It is expected that the Treasurer will conduct general obligation bond sales semi-annually in the Spring and Fall. Given the state's more stable financial position, it is assumed that there will be no change to that schedule. However, should the need for additional funding arise between scheduled bond sales, the Treasurer has the option to issue Commercial Paper which consists of short-term notes issued for the purpose of meeting short-term financial obligations. These notes can generally be issued on very short notice and are eventually repaid from future general obligation bond sales.

The 2025-26 Governor's Budget proposal does not display any Proposition 1A bond expenditures. These funds are available for high-speed rail connectivity projects, which are intercity and commuter rail lines, and urban rail system projects to connect to high-speed train system and its facilities once the state's high-speed rail project is operational.

The 2025-26 Governor's Budget proposal includes approximately $51 million in expenditures for Proposition 1B programs. This represents a considerably lower level of expenditures than during the peak of Proposition 1B activity, as most programs have either completed or are nearing the full allocation of their original program of projects. As program savings are realized new projects will be programmed and allocated, but in amounts far lower than at the height of the program.

Bond 1. *The 2026 FE will display remaining capacity and a history of allocations and expenditures for all Proposition 1A and Proposition 1B general obligation bond funds administered by the Department. Bond funding is expected to be received semi-annually as the Treasurer's practice is to sell general obligation bonds in the Spring and Fall. It is assumed that the Department will continue to receive bond proceeds from future sales on an as needed basis, with the amount of proceeds received being based on projected cash needs for the ensuing six months.*

AERONAUTICS ACCOUNT ASSUMPTIONS

Aeronautics Revenues and Transfers

Aero 1.	*The 2026 Aeronautics Account Fund Estimate (FE) will display the most recent beginning balance for the Aeronautics Account leading up to the release of the FE.*

Aero 2.	*Projected revenues for excise taxes on aviation gasoline and jet fuel will be based on values provided by the DOF for the years of 2025-26 to 2029-30. The DOF has forecasted that aviation gasoline excise tax revenues and jet fuel excise tax revenues will decrease by approximately 9.35 percent throughout the FE period.*

Aero 3.	*The FE will display SMIF interest income based on the projected year ending cash balance of the Aeronautics Account as of June 30, 2025.*

Aero 4.	*FTF resources represent federal reimbursement authority for various aviation activities completed by the Division of Aeronautics. Based on the DOF's price letter, FTF will be escalated by 3.2 percent per year for 2026-27 through 2029-30.*

Aero 5.	*Section 21682.5 of the Public Utilities Code requires an annual transfer equal to the pro rata share of transportation duties attributable to aviation planning and research from the Aeronautics Account. This amount is projected to remain constant at $30,000 in each year of the FE.*

Aeronautics Expenditures

Aero 6.	*The annual funding provided to 150 publicly owned, public-use and eligible General Aviation airports through the Annual Credit grant program will remain at the same level of $10,000 per year for each qualified airport over the FE period.*

Aero 7.	*The Airport Improvement Program (AIP) Matching Grant program total for each fiscal year is allocated by the Commission in the preceding year and is based on historic trends and available resources. The state match for the AIP Matching Grant is set by the Commission annually and is assumed to remain at 5 percent over the FE period.*

Aero 8.	*Before adding to Acquisition & Development (A&D) capacity, resources must first fund the California Aid to Airports' AIP Matching Grant Program and Annual Credit Grant Program. The Commission may allocate all ending cash balances available for programming during the FE period, which may include funding for A&D.*

Aero 9.	*State operations include staffing for aeronautics and planning activities. The FE will display state operation expenditures authorized in the 2025-26 Budget Act and pro rata charges for the Aeronautics Account's portion of statewide general administrative costs. Based on the DOF's price letter, state operations and pro rata charges will be escalated by 3.2 percent per year for 2026-27 through 2029-30.*

Aero 10.	*The Federal Aviation Administration (FAA) amended a policy regarding proceeds attributed to aviation fuels, specifying that tax revenues derived from aviation gas and jet fuel must be allocated for airport related projects. The 2026 FE assumes no change to the disposition of aviation fuel taxes.*