

Trade Corridors Improvement Fund (TCIF) Guidelines

General Program Policy

1. Authority and purpose of guidelines. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, provided for \$2 billion to be transferred to the Trade Corridors Improvement Fund (TCIF) for infrastructure improvements along corridors that have a high volume of freight movement. The funds are available, upon appropriation by the Legislature, for allocation by the California Transportation Commission.

The TCIF program is subject to the provisions of Government Code Section 8879.23(c)(1), as added by the Proposition 1B, and to Section 8879.50, as enacted through implementing legislation in 2007 (SB 88 and AB 193). The implementing legislation designated the Commission as the administrative agency responsible for programming TCIF and the agency authorized to adopt guidelines for the program.

The purpose of these guidelines is to identify the Commission's policy and expectations for the TCIF program and thus to provide guidance to the Department of Transportation (Caltrans), regional agencies, and project applicants and proponents in carrying out their responsibilities under the program. These guidelines are not intended to preclude any project nomination or any project selection that is consistent with the Bond Act.

2. Statutory program eligibility. Proposition 1B calls for the Commission to determine corridor and project eligibility, consulting:
 - the goods movement action plan (GMAP) submitted to the Commission by the Secretary of the Business, Transportation and Housing Agency and the Secretary for Environmental Protection;
 - trade infrastructure and goods movement plans adopted by regional transportation planning agencies;
 - adopted regional transportation plans required by state and federal law; and
 - the statewide port master plans prepared by the California Marine and Intermodal Transportation System Advisory Council (Cal-MITSAC).

Under Proposition 1B, eligible projects may include, but are not limited to:

- highway capacity improvements,
- freight rail system improvements,
- port capacity and efficiency projects,
- truck corridor improvements,
- improvements that maximize state access to federal border infrastructure funds, and
- airport ground access improvements.

3. Statutory programming mandates. Proposition 1B mandates that the Commission program and allocate TCIF in a manner that:
- addresses the state's most urgent needs,
 - balances the demands of various ports,
 - provides reasonable geographic balance between regions, and
 - places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions.

The Commission is also mandated to consider the following factors:

- Velocity: the speed by which large cargo would travel from the port through the distribution system.
 - Throughput: the volume of cargo that would move from the port through the distribution system.
 - Reliability: a reasonably consistent and predictable cargo travel time between points on any given day or time.
 - Congestion reduction: the reduction in recurrent daily hours of delay to be achieved.
4. Statutory mandate for supplemental funding. Proposition 1B mandates that the Commission allocate TCIF to projects that have identified and committed supplemental funding from appropriate local, federal, or private sources. The Commission is to determine the appropriate amount of supplemental funding for each project based on a project-by-project review and an assessment of the project's benefit to the state and the program. Except for border access improvements receiving federal border infrastructure funding, the supplemental funding shall be at least equal to the TCIF contribution, and the Commission may give funding priority to projects with higher levels of committed supplemental funding.
5. Program Schedule. The Commission intends to implement the TCIF program on the following schedule:

CTC adoption of TCIF guidelines.	November 7, 2007.
TCIF project nominations due.	November 26, 2007.
Hearing, Oakland	December 3, 2007.
Hearing, Los Angeles	December 3, 2007.
Hearing, San Diego	December 4, 2007.
Hearing, Fresno	December 5, 2007.
CTC issues staff recommendations.	December 6, 2007.
CTC adopts the initial TCIF program of projects.	December 13, 2007.

Project Nominations

6. Eligible applicants and projects. The Commission will accept project nominations from Caltrans, regional agencies, and other public agencies, including counties, cities, and port

authorities. Project proposals from railroads or other private entities should be submitted by a public agency sponsor. A nomination may identify an entity other than the nominating agency to be the project implementing agency. The implementing agency is the agency responsible for carrying out the work and completing the project.

After consulting the GMAP, Cal-MITSAC and regional transportation plans, the Commission has determined that the following corridors have a high volume of freight movement and are eligible for funding under this program:

- Bay Area Corridor
- Central Valley Corridor
- Los Angeles/Inland Empire Corridor
- San Diego/Border Corridor

Under statute, the applicant agency must provide a project funding plan that demonstrates that the supplementary funding in the plan (private, local, or federal) is reasonably expected to be available and sufficient to complete the project. The Commission expects that TCIF project funding will be limited to the costs of construction.

The useful life of a TCIF project shall not be less than the required useful life for capital assets pursuant to the State General Obligation Bond Law, specifically subdivision (a) of Section 16727 of the Government Code. That section generally requires that projects have an expected useful life of 15 years or more.

7. Project nominations. Project nominations and their supporting documentation will form the primary basis for the Commission's TCIF program of projects. Each project nomination should include:

- A cover letter with signature authorizing and approving the nomination.
- A programming request form (Appendix A) and a project fact sheet that includes a map of the project location and that describes the project scope, useful life, cost, funding plan, delivery milestones, and major project benefits. Cost estimates should be escalated to the year of proposed implementation. The project delivery milestones should include the start and completion dates for environmental clearance, land acquisition, design, construction bid award, construction completion, and project closeout.
- A brief narrative that provides:
 - Project background and a purpose and need statement.
 - A concise description of the project scope and anticipated benefits (outcomes and outputs) proposed for TCIF funding.

- A specific description of non-TCIF funding (source and amount) to be applied to the project and the basis for concluding that the non-TCIF funding is expected to be available.
 - A description of the project delivery plan, including a description of the known risks that could impact the successful implementation of the project and a description of the response plan for the known risks. The risks considered should include, but not be limited to, risks associated with deliverability and engineering issues, community involvement, and funding commitments.
 - A description of the transportation corridor and the function of the proposed project within the corridor.
 - A description and quantification of improvements in trade corridor mobility, including measures of velocity, throughput, reliability and congestion reduction for freight movement in the corridor.
 - A description and quantification of the local and corridor effects of the project on diesel particulate and other pollutant emissions.
 - A description of the corridor system management plan or other coordinated management strategy being implemented by the applicant agency and other jurisdictions within the corridor to preserve corridor mobility.
 - Documentation supporting the benefits and cost estimates cited in the nomination. This should be no more than 10 pages in length, citing or excerpting, as appropriate, the project study report, environmental document, regional transportation plan, and other studies that provide quantitative measures of the project's costs and benefits, including both trade corridor mobility benefits and emission reduction benefits.
 - Documentation supporting the availability of supplementary funding identified as part of the project funding plan.
8. Submittal of project nominations. For the initial TCIF program of projects, the Commission will consider only projects for which a nomination and supporting documentation are received in the Commission office by 12:00 noon, November 26, 2007, in hard copy. A nomination from a regional agency or port authority will include the signature of the Chief Executive Officer or other authorized officer of the agency. A nomination from Caltrans will include the signature of the Director of Transportation or a person authorized by the Director to submit the nomination. A nomination from a city, county, or other public agency will include the signature from an officer authorized by the city council, board of supervisors, or other agency board. Where the project is to be implemented by an agency other than the nominating agency, the nomination will also include the signature of the Chief Executive Officer or other authorized officer of the implementing agency.

The Commission requests that each project nomination include five copies of the cover letter, the project fact sheet, and the narrative description, together with two copies of all supporting documentation. All nomination materials should be addressed or delivered to:

John Barna, Executive Director
California Transportation Commission
Mail Station 52, Room 2222
1120 N Street
Sacramento, CA 95814

Project Selection and Programming

9. Program of projects based on nominations. The Commission will develop its TCIF program of projects primarily on the basis of the nominations received by the nomination due date.
10. Project nomination scoring. The Commission staff will screen and evaluate project nominations according to the following screening and evaluation criteria:

<u>Screening Criteria:</u> Screening criteria determine whether the nomination is evaluated further.
1. Eligibility:
<ul style="list-style-type: none">• Project is included in GMAP, Cal-MITSAC, trade infrastructure and goods movement plans adopted by regional transportation planning agencies, or an adopted regional transportation plan• Project can demonstrate a 1:1 funding match (local, federal or private funds)
2. Deliverability: Project will begin construction by December 31, 2013.
3. Air Quality: Project contributes to corridor or air basin emission reduction efforts of particulates and other pollutants
4. Economic/Jobs Growth: Project will stimulate economic activity, enhance trade value, and preserve/create jobs

<u>Evaluation Criteria:</u> Evaluation criteria are outcome oriented and customizable to each corridor. Evaluation criteria are grouped into three categories:
1. Freight System (Goods Movement) Factors:
<ul style="list-style-type: none">• Throughput: Project provides for increased volume of freight traffic through capacity expansion or operational efficiency• Velocity: Project increases the speed of freight traffic moving through the distribution system

<ul style="list-style-type: none"> • Reliability: Project reduces the variability and unpredictability of travel time
<p>2. Transportation System (Priorities) Factors:</p>
<ul style="list-style-type: none"> • Safety: Project increases the safety of the public, industry workers, and traffic
<ul style="list-style-type: none"> • Congestion Reduction/Mitigation: Project reduces daily hours of delay on the system and improves access to freight facilities
<ul style="list-style-type: none"> • Key Transportation Bottleneck Relief: Project relieves key freight system bottlenecks where forecasts of freight traffic growth rates indicate infrastructure or system needs are inadequate to meet demand
<ul style="list-style-type: none"> • Multi-modal Strategy: Project employs or supports multi-modal strategies to increase port and transportation system throughput while reducing truck vehicle miles/hour traveled (VMT/VHT)
<ul style="list-style-type: none"> • Interregional Benefits: Project links regions/corridors to serve statewide or national trade corridor needs
<p>3. Community Impact Factors:</p>
<ul style="list-style-type: none"> • Air Quality Impact: Project reduces local and regional emissions of diesel particulate and other pollutant emissions
<ul style="list-style-type: none"> • Community Impact Mitigation: Project reduces negative impacts on communities (noise, localized congestions, safety, etc.)
<ul style="list-style-type: none"> • Economic/Jobs Growth: Project stimulates local economic activity, enhances trade value, and preserves/creates jobs

11. Program adoption. The Commission anticipates that the \$2 billion in authorized TCIF funding will be fully programmed with the initial adoption. If the authorized funding is not fully programmed, however, the Commission may adopt amendments to add new projects to the program at a later time. The Commission may, if it finds it necessary or appropriate, advise potential applicants to submit new or revised nominations.

Project Delivery

12. Project baseline agreements. Within three months after the adoption of a project into the TCIF program of projects, the Commission, Caltrans and the implementing agency, together with the regional agency and any entity committed to providing supplementary funding for the project, will execute a project baseline agreement, which will set forth the project scope, benefits, delivery schedule, and the project budget and funding plan. The funding plan will identify the source of supplementary funding. The Commission may delete a project for which no project baseline agreement is executed, and the Commission will not consider approval of a project allocation prior to the execution of a project baseline agreement.
13. Quarterly delivery reports: As a part of the project baseline agreement, the Commission will require the implementing agency to submit quarterly reports on the activities and

progress made toward implementation of the project, including those project development activities taking place prior to a TCIF allocation and including the commitment status of supplementary funding identified in the project baseline agreement.

As mandated by Government Code Section 8879.50, the Commission shall forward these reports, on a semiannual basis, to the Department of Finance. The purpose of the reports is to ensure that the project is being executed in a timely fashion and is within the scope and budget identified when the decision was made to fund the project. If it is anticipated that project costs will exceed the approved project budget, the implementing agency will provide a plan to the Commission for achieving the benefits of the project by either downscoping the project to remain within budget or by identifying an alternative funding source to meet the cost increase. The Commission may either approve the corrective plan or direct the implementing agency to modify its plan. Where a project allocation has not yet been made, the Commission may amend the program of projects to delete the project.

14. Amendments to program of projects. The Commission may approve an amendment of the TCIF program in conjunction with its review of a project corrective plan as described in section 13. The implementing agency may also request and the Commission may approve an amendment of the program at any time. An amendment need only appear on the agenda published 10 days in advance of the Commission meeting. It does not require the 30-day notice that applies to a STIP amendment.
15. Allocations from the TCIF. The Commission will consider the allocation of funds from the TCIF for a project or project component when it receives an allocation request and recommendation from Caltrans, in the same manner as for the STIP. The recommendation will include a determination of the availability of appropriated TCIF and the availability of all identified and committed supplementary funding. The Commission will approve the allocation if the funds are available, the allocation is necessary to implement the project as included in the adopted TCIF program, and the project has the required environmental clearance.
16. Final delivery report. Within six months of the project becoming operable, the implementing agency will provide a final delivery report to the Commission on the scope of the completed project, its final costs as compared to the approved project budget, its duration as compared to the project schedule in the project baseline agreement, and performance outcomes derived from the project as compared to those described in the project baseline agreement. The Commission shall forward this report to the Department of Finance as required by Government Code Section 8879.50.

The implementing agency will also provide a supplement to the final delivery report at the completion of the project to reflect final project expenditures at the conclusion of all project activities. For the purpose of this section, a project becomes operable at the end of the construction phase when the construction contract is accepted. Project completion

occurs at the conclusion of all remaining project activities, after acceptance of the construction contract.

17. Audit of project expenditures and outcomes. The Department of Transportation will ensure that project expenditures and outcomes are audited. For each TCIF project, the Commission expects the Department to provide a semi-final audit report within 6 months after the final delivery report, and a final audit report within 6 months after the final delivery report supplement. The Commission may also require interim audits at any time during the performance of the project.

Audits will be performed in accordance with Generally Accepted Government Auditing Standards promulgated by the United States Government Accountability Office. Audits will provide a finding on the following:

- Whether project costs incurred and reimbursed are in compliance with the executed project baseline agreement or approved amendments thereof; state and federal laws and regulations; contract provisions; and Commission guidelines.
- Whether project deliverables and outcomes are consistent with the project scope, schedule and benefits described in the executed project baseline agreement or approved amendments thereof.