



BOARD OF DIRECTORS
NOVEMBER 20, 2015

AGENDA ITEM NO. 15-11-**11**

ACTION REQUESTED – **APPROVE**

2016 STATE TRANSPORTATION IMPROVEMENT PROGRAM

File Number 1500000

Introduction

The California Transportation Commission (CTC) adopted the 2016 Fund Estimate at its meeting on August 27, 2015. The 2016 Fund Estimate is the set of revenue assumptions that are used to develop the State Transportation Improvement Program (STIP) covering the period FY 2017 to FY 2021. The 2016 Fund Estimate adds about \$223 million of new capacity statewide over the five-year period, with all of the new capacity coming in the latter two years.

However, given adjustments the CTC needs to make for FY 2016 as discussed below, this yields an effective new programming capacity of only \$46 million statewide. Compared to the 2014 Fund Estimate of \$1.26 billion in new capacity, the 2016 STIP reflects a significant reduction. In the past, each region was given a funding “target” to program over its five-year period. This cycle there is no regional target due to the severe reduction, and the CTC has indicated that some currently programmed projects may need to be delayed from their current program year. Due to this lack of additional programming capacity, the proposed projects in the 2016 STIP remain the same as in the 2014 STIP: I-5 North Coast Corridor (NCC) and Regional Planning and Program Monitoring (PPM).

Recommendation

The Transportation Committee recommends that the Board of Directors approve the programming and submission of the 2016 State Transportation Improvement Program to the California Transportation Commission in substantially the same form as shown in Table 2 of this report.

Discussion

The major source of funds for the STIP comes from the excise tax on gasoline. The base tax rate (Proposition 111, 1990) has remained at 18 cents per gallon since 1990. To that fixed excise tax, an annual price-based adjustment is added by the state Board of Equalization (BOE). For the current FY 2015, the price-based excise tax is 18 cents, for a total of 36 cents per gallon tax on gasoline. In March 2015, the BOE decreased the price-based tax rate from the current 18 cents to 12 cents per gallon, mainly due to the reduction in the price of gas. Looking forward, this reduction has resulted in a significant reduction to the Fund Estimate for the STIP since state gas taxes provide a significant portion of the dollars that fund this program. The CTC-approved Fund Estimate reflects the lower per gallon rate until FY 2019; then increases back to 18 cents in FY 2020 and FY 2021, resulting in \$223 million in new capacity for these two years (prior to the FY 2016 adjustment). Recognizing the inherent volatility of the price of gas, legislation was introduced this year that would have modified how and when the BOE adjusts the tax rate in order to smooth over the adjustments based on a longer time period. While there continues to be ongoing discussion, there has not yet been any change to existing law.

It should be noted that the reduction in the tax rate also has had a major impact on both the State Highway Operations and Protection Program (SHOPP) and local agencies. New legislation was introduced to increase funding for the SHOPP and to local agencies with a special legislative session dedicated for this purpose. As with the tax rate bill, there was no resolution during the regular legislative session. However, a conference committee continues to work through these issues.

Background

The STIP is a five-year program of projects that is updated every two years. The funds are divided into two broad programs: the regional component, comprising 75 percent of the funds, and the interregional component, comprising the remaining 25 percent. Within the regional component, the funds are further divided: 40 percent to north counties and 60 percent to south counties, and then finally distributed by a county share formula to each of the regions. The county share formula is based on two main factors, population and lane miles of maintained state highway. The Regional Transportation Planning Agencies are responsible for submitting the programming request for the county share.

During each new STIP cycle, two new years are added and funding capacity is provided, allowing regions the opportunity to program new projects or to program later phases of work for existing projects already in the development process. The current 2014 STIP, which covers the period from FY 2015 to FY 2019, was used mainly to fund three segments of the Interstate 5 (I-5) Managed Lanes Project.

Current 2014 STIP

The 2014 STIP, as shown in Table 1 below, programmed approximately \$215.6 million.

Table 1: Current 2014 STIP (\$000s)

Project	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
1. I-5 Widening	\$7,730					\$7,730
2. I-5 NCC						
a. I-5 San Elijo Lagoon Bridge Replacement		99,382				99,382
b. I-5 Soundwalls			36,000			36,000
c. I-5 North Coast HOV Lanes				49,000		49,000
3. Inland Rail Trail	18,437					18,437
4. Regional PPM	854	854	1,105	1,105	1,105	5,023
TOTAL	\$27,021	\$100,236	\$37,105	\$50,105	\$1,105	\$215,572

Proposed 2016 STIP

Table 2 shows the Transportation Committee's recommendation for the 2016 STIP. The recommendation continues to implement SANDAG Board practice (in effect since the 2004 STIP), which prioritizes projects for funding as follows:

1. Focus on projects that are ready-to-go
2. Focus on completing projects currently programmed in the STIP
3. Focus on *TransNet* Early Action Program projects

As stated previously, the 2016 STIP Fund Estimate contains no STIP targets and an effective statewide capacity of only \$46 million, all in the last two years of the STIP cycle (FY 2020 to FY 2021). The CTC has advised the regions discouraging the addition of new projects and encouraging existing projects to be moved to the outer years of the cycle where additional, albeit very limited, capacity exists. Due to the absence of significant new funding capacity in the STIP, the proposed 2016 STIP reflects no new projects for the San Diego region and includes two projects continuing from the 2014 STIP: the I-5 NCC Project and the Regional PPM. As shown in Table 2, the 2016 STIP proposal totals approximately \$90.5 million.

Table 2: Proposed 2016 STIP (\$000s)

Project	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
1. I-5 NCC	\$36,000	\$49,000				\$85,000
2. Regional PPM	1,105	1,105	1,105	1,105	1,105	5,525
TOTAL	\$37,105	\$50,105	\$1,105	\$1,105	\$1,105	\$90,525

Summary of Changes between the Current 2014 STIP and the Proposed 2016 STIP

- The first two fiscal years (FY 2015 and FY 2016) from the 2014 STIP will drop out. The FY 2015 program has been allocated by the CTC and FY 2016 amounts are scheduled for allocation by June 2016.
- Two additional fiscal years (FY 2020 and FY 2021) will be added to the 2016 STIP.
- The projects in the 2014 STIP that cover the same time period remain the same: I-5 NCC and Regional PPM. With the additional two FYs in the 2016 STIP, the Regional PPM correspondingly adds two years.
- The 2014 STIP identified and programmed three separate segments of the I-5 NCC; the 2016 STIP combines all of the elements into one project. The scope of the project remains the same as described below.

Summary of Proposed STIP

1. I-5 NCC: This project encompasses highway and rail double track projects (San Elijo and Batiquitos), lagoon enhancements, and bike trails. With the legislature authorizing Caltrans to use the Construction Manager/General Contractor (CM/GC) method of project delivery for this project, the schedule and work elements are being reviewed to achieve innovations and best value, as well as to improve cost certainty. Caltrans awarded the CM/GC contract in December 2014 to begin preconstruction activities to determine the most efficient construction package(s).

The I-5 NCC portion of the corridor that was funded by the 2014 STIP programmed three separate project elements: (a) I-5 North Coast High Occupancy Vehicle; (b) the I-5/San Elijo Lagoon Bridge replacement; and (c) construction of soundwalls for noise abatement along the I-5 NCC as separate contracts and deliverables. It should be noted that the \$99 million that was programmed for the corridor in FY 2016 under the 2014 STIP are anticipated to be allocated by the CTC by May 2016, and therefore are no longer shown as part of the proposed 2016 STIP. In addition, and in order to fully inform the CTC, SANDAG will include the funding for other projects that are part of the I-5 NCC in order to provide a full picture of the project. For the highway segment, \$184.4 million in STIP funding would leverage an additional \$280.2 million in *TransNet* and federal formula funds, for a total project funding of \$464.6 million.

2. Regional PPM: This program is available by statute to regions to help fund agency staff costs and other operations related to transportation PPM. By statute, a region can seek up to 5 percent of its county share to fund PPM activities. Historically, SANDAG has requested less than the maximum percentage allowed. The Board of Directors approved the use of 3 percent of the STIP share for the 2014 STIP cycle. With no funding targets, the CTC staff has indicated that the regions can program the same amount as was proposed in the 2014 STIP. Therefore, staff proposes the same \$1.105 million in PPM for FY 2017 and throughout the five-year period.

Once all regions have submitted their proposals, the CTC will determine how much, if any, may need to be shifted from the proposed programmed years to later years. The CTC may not be able to approve the proposed program of projects depending on the submittal from SANDAG or from the other regions. The CTC may request that the programming proposal be delayed to better fit the statewide programming capacity. SANDAG staff will work with CTC staff regarding the I-5 NCC in order to maintain the project schedule. Substantive changes to the programming recommendation and mitigating options would be brought back to the Transportation Committee for further discussion and to the Board of Directors for approval.

Social Equity

SANDAG, as a recipient of federal funds, is obligated to assure nondiscrimination in all of its programs and activities, that no programs administered or projects implemented by SANDAG lead to discrimination based on race, color, national origin, sex, age, disability, or income status. For the two projects identified for STIP funding, the environmental process included analysis to ensure nondiscrimination.

The I-5 NCC identified 12 block groups that have meaningfully greater populations of minority and/or low-income individuals based on the 2000 census data. The impacts associated with

construction and operation are generally not isolated to communities or areas with minority and/or low-income populations and are present along the entirety of the proposed project through communities and areas that exhibit a wide demographic range. Impacts associated with the project are generally not anticipated to disproportionately impact low-income and/or minority populations. The preferred alternative is not identified as having untoward environmental justice impacts. Outreach during the environmental process included preparation and distribution of multilingual (English/Spanish) materials, and interpreters have been available at all public hearings.

The social equity analysis for the Regional PPM effort was included with the SANDAG FY 2016 Program Budget.

Next Steps

Pending approval by the Board of Directors, the 2016 STIP will be submitted to the CTC by December 15, 2015. Any significant changes to the SANDAG proposal would be brought back to both the Transportation Committee and the Board of Directors. The CTC is scheduled to adopt the 2016 STIP at its meeting on March 17, 2016.

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