STAFF REPORT

MEETING DATE:	**February 23, 2016**
SUBJECT:	**Delay and Deletion of Regional Transportation Improvement Program (RTIP) Construction Projects**
AGENDA ITEM:	**19**
STAFF CONTACT:	**Dan Little, Executive Director**

SUMMARY:

The Regional Transportation Improvement Program (RTIP) is a five-year program of transportation projects updated every two years. The 2016 Shasta RTIP was approved by the board of directors December 8, 2015. It programs four projects totaling over $13 million. It also leverages over $15.7 million in other state funds for Interstate 5 (I-5). Due to the ongoing state funding crises and lack of action in last year's extraordinary legislative session on transportation, over $750 million in projects must now be deleted statewide. Many other projects must be delayed. SRTA has been asked to delete over $4.2 million in programming requests. The attached letter to the California Transportation Commission (CTC), recommended for signature by the chair, suggest projects in the Shasta region that can be delayed or deleted.

STAFF RECOMMENDATION:

It is recommended that the board of directors authorize the chair to sign the attached letter to the CTC suggesting SRTA projects that can be delayed or removed from the 2016 Shasta RTIP.

DISCUSSION:

Every two years the CTC develops a five-year funding forecast for the STIP. Transportation funding at both the federal and state levels is in crises. Neither Congress, nor the State Legislature in extraordinary session could agree on solutions. As a result, the forecast for available funds has been further reduced since the 2016 Shasta RTIP was approved last December. The attached STIP Fact Sheet and correspondence to legislative representatives illustrates the magnitude of the problem.

SRTA has four projects in the current STIP. The attached letter to the CTC summarizes each project and provides options for delaying or deleting projects. Although the options recommended in the letter do not delete $4.284 million in projects as requested by the CTC, staff advocates a good-faith approach; it is better to work with CTC staff and provide options than to do nothing and leave it in the hands of the state to make the cuts.

It is recommended that the board of directors authorize the chair to sign the attached letter to the CTC.

OTHER AGENCY INVOLVEMENT:

The 2016 Shasta RTIP was developed in coordination with Caltrans, the California Transportation Commission, and SRTA member agencies. The Technical Advisory Committee (TAC) reviewed the recommendations and concurs with staff's suggested approach.

FINANCING:

Two projects could be delayed and one $275,000 project deleted as outlined in the attached letter. The delays and deletions are designed in such a way that the region would not lose the $15.7 million in leveraged funds for the I-5 project and the $2.238 million in leveraged funds for the Diestelhorst to Downtown Non-Motorized project. There remains a chance that the CTC could make deeper cuts and the leveraged funds would be lost to the region.

Daniel S. Little, AICP, Executive Director

Attachments: 2016 RTIP Project Deletions and Delays Letter to CTC Executive Director, Will Kempton
Transportation Funding Crisis Letter to Assembly Member, Brian Dahle
State Transportation Funding Crisis Letter from CTC to California State Legislature
Revised 2016 STIP Fund Estimate, Calculation of Programming Targets
Schematic Illustrating How a Negative STIP Looks
Fact Sheet: State Transportation Improvement Program (STIP)

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Daniel S. Little, Executive Director

February 23, 2016

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

Subject: 2016 Shasta Regional Transportation Improvement Program Project Deletions and Delays

Dear Mr. Kempton:

In light of the substantially reduced CTC Fund Estimate, we have undergone the painful exercise of revisiting our 2016 Shasta Regional Transportation Improvement Program (RTIP) adopted December 8, 2015.

SRTA was given a $4.284 million reduction target that does not take into account the unprogrammed shares we cannot access, or projects voluntarily delayed in our original RTIP submittal. The only option for SRTA to meet a strict application of the $4.284 million target would be to delete the $27.865 million Interstate 5 widening project, $15.743 million of which is one-time money leveraged from non-STIP resources. This would be a disproportional burden to the region and eliminate a major interstate and goods movement need SRTA has steadfastly planned for over more than a decade. For perspective, a $27.865 million loss equals more than 15 years of accumulated RTIP shares in the region.

Of the four projects in our 2016 RTIP, SRTA could – albeit reluctantly – delay two projects and delete one altogether. Beyond this, matching funds are in jeopardy as is our ability to implement greenhouse gas (GHG) reduction targets in our sustainable communities strategy (SCS) pursuant to SB 375. Below is a discussion of all four of our 2016 RTIP projects and options for delays and deletions that have been discussed with your staff:

- **Interstate 5 Redding to Anderson Six-Lane Project: Phase I Construction (FY 2016/17) -** Construction of the Redding to Anderson Six-Lane Project is the highest priority in the Shasta Regional Transportation Plan (RTP). $12.122 million of RIP funds would leverage $15.743 million in SHOPP funds and extend the existing six lanes on Interstate 5 (I-5) from south of the Bonnyview/Churn Creek Road Interchange to Riverside Drive. Please note the following:
  - This stretch of I-5 is critical to California's north/south goods movement. Heavy trucks account for over 15% of all vehicle trips.
  - Vehicle surveys show that 50% of all trips on I-5 are interregional trips passing through Shasta County.
  - The project is part of a series of I-5 mainline investments originating from the North State's Fix Five Partnership campaign.

  Option to Delay One Year - SRTA could delay the $12.122 million in RIP construction funds from FY 2016/17 to FY 2017/18. Though not without risk, the $15.743 in SHOPP matching funds for FY 2016/17 could be concurrently allocated in June 2017 to align with an early allocation of the delayed FY 2017/18 RIP funds.

- **Diestelhorst to Downtown Non-Motorized Improvement Project (FY 2018/19)** - This $400,000 non-motorized project within the city of Redding will help link the Sacramento River Trailhead at the Diestelhorst Bridge to downtown. Regional share funds are committed match to an Active Transportation Program (ATP) grant award by the CTC. The 2016 RTIP re-programmed funds from FY 2016/17 to FY 2018/19 to match the ATP award timeframe.

  No Option for Change – Unless the CTC can delay the ATP award, the corresponding RIP funds cannot be delayed without eliminating the entire project. This would undermine SRTA's SCS implementation efforts and a pending Affordable Housing Sustainable Communities grant application.

- **Browning Street Complete Street Improvements (FY 2018/19)** - This $275,000 non-motorized project would add bicycle lanes and sidewalks on Browning Street in the city of Redding between Hilltop Drive and Canby Road. The 2016 RTIP re-programmed funds from FY 2016/17 to FY 2018/19.

  Option to Delete – SRTA could delete this project if the CTC deemed it necessary. Though important in the overall aspect of GHG emissions reductions, there are no match funds at risk at this time.

- **Planning, Programming and Monitoring (PPM)** – These funds are proposed for project development and to administer the STIP. The 2016 RTIP proposed a total of $570,000 over the first three programming years.

  Option to Delay – SRTA relies on these funds to develop and prioritize project needs. SRTA could temporarily borrow from other funds and delay PPM to the maximum extent possible. We propose programming delays as follows: $80,000 in FY 17/18; $245,000 in FY 2018/2010; and, $245,000 in FY 2019/20.

Again, please keep in mind that the above delay options are in addition to those we already proposed in the initial 2016 RTIP submittal. SRTA has the additional burden of having no access to the region's unprogrammed shares.

Please contact SRTA Executive Director Dan Little at 530-262-6191, or dlittle@srta.ca.gov, if you have any questions or would like to discuss SRTA projects in further detail.

Sincerely,

____
, Chair
Shasta Regional Transportation Agency

DSL/KKU/jac

C: The Honorable Ted Gaines, California Senate District 1
The Honorable Brian Dahle, California Assembly District 1
Bruce de Terra, Chief, Caltrans Division of Transportation Programming
Dave Moore, Caltrans District 2 Director
Michael Johnson, Caltrans SHOPP Asset Manager

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Daniel S. Little, Executive Director

February 18, 2016

Assembly Member Brian Dahle
State Assembly District 1
280 Hemsted Drive, Suite 110
Redding, CA 96002

RE: Transportation Funding Crisis and Impact on Shasta County

Dear Honorable Assemblyman Dahle:

The Shasta Regional Transportation Agency (SRTA) is deeply concerned by the deletion of $754 million in funding for critical transportation improvements from the 2016 State Transportation Improvement Program (STIP). Current law required the California Transportation Commission to revise the Fund Estimate for the STIP due to lower forecasted state gas tax revenues. The revenues are decreasing due to: a) Californians buying less gas due to fuel efficiency gains; and b) decreases in the price of gasoline.

Impact to the SRTA Region

The STIP is our only source for freeway capacity improvements. These funds are extremely important projects that have been in development for many years. These projects also help assure safety, reduce congestion, facilitate commerce, and create jobs.

The precipitous decline in fuel tax revenues is likely to result in the deletion of $4.284M to the Shasta region. For the 2016 STIP, SRTA was simply trying to hang onto $13.367M in proposed projects that were approved by the CTC in 2014. There are just four projects, with one, the Interstate 5 Redding to Anderson Six-Lane Project (RASL) comprising 91% ($12.122M) of programming. The remaining three projects include two bicycle and pedestrian projects and planning and programming funds for SRTA; the total of these other three is $1.245M.

The catch is that a couple of these projects leverage outside funding to the region. Due to lengthy negotiations and the region's commitment to Interstate 5, SRTA has managed to receive $15.743M in additional state funds (non-STIP) to match the $12.122M in regional funds SRTA programmed on I-5. In addition, the city of Redding has secured another $2.238M to match the $400K regional STIP investment for the Diestelhorst to Downtown Non-Motorized Improvement Project connecting the Sacramento River Trail to Downtown.

Therein lies our concern: Not only does the region stand to lose $12.122M in STIP funds under this proposed cut, we would also lose $15.743M in other funds for a total loss to the region of $27.865M.

Funding Decline Background

As you know, the STIP remains a volatile source of funding since it is subject to adjustments based on wild fluctuations in the price of gasoline. The rate (established as part of the "fuel tax swap" enacted in 2010) is set annually by the Board of Equalization at a level that generates the same amount of revenue as would have been received if the sales tax on gasoline had remained in effect. The current rate was decreased from 18 cents to 12 cents as of July 1, 2015. Due to the price of gasoline in the past year, the Board of Equalization is expected to reduce the tax further to 10 cents at their next meeting this spring. The $754 million decrease in STIP funding means deletion of projects. But impacts run far beyond the STIP; local street and road funds are suffering as well.

Possible Solutions

We urge the Legislature to take action to restore the STIP. Three current proposals provide a partial solution. Proposals by the Governor (proposed 2016-17 budget), Assembly Member Frazier (AB 1591), and Senator Beall (SB 1X-1) all propose removing the fuel swap mechanism that has required the downward forecasts, and restoring the price based excise tax to the 18 cent (or 17.3 cent) mark. All three proposals would also allow the excise tax rate to adjust for inflation every three years. The main difference is that the funds from the inflation adjustment remain in the STIP under the Frazier and Beall proposals, but are swept into a different Road Maintenance and Rehabilitation Account under the Governor's proposal. As we discussed before, the STIP formula to regions represents the highest rate of return to the rural and small urban areas, of your district, compared to any other formula program.

Accordingly, we support restoring the price base excise tax to its former rate and allowing the STIP funding revenue to adjust with inflation—without such a stipulation, transportation revenue has no hope of keeping up. We believe that Californians understand and support the need to maintain continued investments in transportation infrastructure.

We respectfully request your support to work with fellow Legislators to help identify a timely solution to address this serious issue with transportation funding. I look forward to speaking with you directly on this subject and will follow-up with a phone call in the upcoming week.

Sincerely,

Daniel S. Little, AICP, Executive Director
Shasta Regional Transportation Agency (MPO)

DSL/KKU/jac

c: SRTA Board of Directors
Members, Senate Transportation and Housing Committee
Members, Assembly Transportation Committee
Mr. Bob Alvarado, Chair, California Transportation Commission
Mr. Brian Kelly, Secretary, California State Transportation Agency
Mr. Will Kempton, Executive Director, California Transportation Commission
Mr. Malcolm Dougherty, Director, California Department of Transportation
Mr. Dave Moore, Director, Caltrans District 2
Mr. Bill Higgins, Executive Director, CalCOG
Mr. Sarkes Khachek, Moderator, Regional Transportation Planning Agencies
Ms. Lisa Davies-Bates, Chair, North State Super Region

STATE OF CALIFORNIA

EDMUND G. BROWN Jr., Governor

CALIFORNIA TRANSPORTATION COMMISSION

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State Transportation Funding Crisis Continues to Worsen

January 27, 2016

Members, California State Legislature:

This letter is to inform you of recent actions by the California Transportation Commission (Commission) that will reduce funding for state transportation projects by three-quarters of a billion dollars over the next five years. On top of an already significant shortfall in funding for repairs to our existing system, the Commission recently approved a reduced estimate of $754 million to the funds expected to be available over the five-year State Transportation Improvement Program (STIP) period. This means that in addition to no new projects for the upcoming STIP, programmed projects must be deleted or delayed. The effect of this reduction on the state's transportation system will be nothing short of catastrophic. Attached is a list of those projects that may be delayed or removed from the new STIP in each legislative district.

The Commission strongly urges legislators to work together to develop a compromise that will result in a significant down payment on our transportation infrastructure needs and provide for meaningful reforms to the state's transportation program. Failure to act and to act quickly will have serious consequences for the future of California.

Sincerely,

LUCETTA DUNN
Chair

BOB ALVARADO
Vice Chair

DARIUS ASSEMI
Member

YVONNE B. BURKE
Member

JAMES EARP
Member

JAMES C. GHIELMETTI
Member

CARL GUARDINO
Member

FRAN INMAN
Member

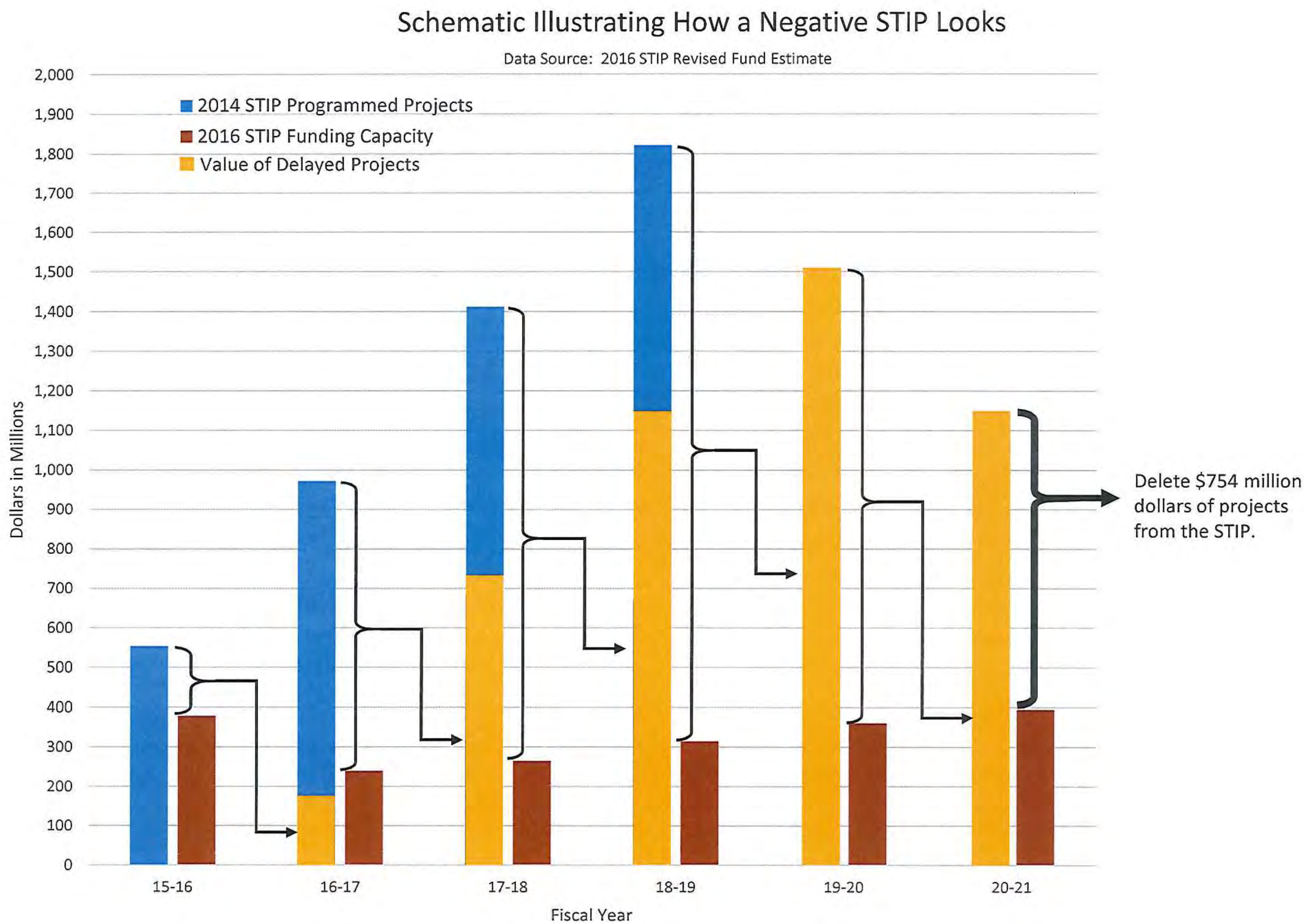
CHRISTINE KEHOE
Member

JAMES MADAFFER
Member

JOSEPH TAVAGLIONE
Member

REVISED 2016 STIP FUND ESTIMATE
Calculation of Programming Targets
($1,000's)

County		
Alameda	3.46153%	-19,565
Alpine	0.10287%	-581
Amador	0.23362%	-1,320
Butte	0.69068%	-3,904
Calaveras	0.27831%	-1,573
Colusa	0.18487%	-1,045
Contra Costa	2.36889%	-13,389
Del Norte	0.17261%	-976
El Dorado LTC	0.48442%	-2,738
Fresno	2.60703%	-14,735
Glenn	0.19363%	-1,094
Humboldt	0.69597%	-3,934
Imperial	1.22915%	-6,947
Inyo	0.95664%	-5,407
Kern	3.51423%	-19,863
Kings	0.51569%	-2,915
Lake	0.30234%	-1,709
Lassen	0.44252%	-2,501
Los Angeles	20.93443%	-118,325
Madera	0.47975%	-2,712
Marin	0.64742%	-3,659
Mariposa	0.18094%	-1,023
Mendocino	0.64993%	-3,674
Merced	0.85589%	-4,838
Modoc	0.23612%	-1,336
Mono	0.71072%	-4,017
Monterey	1.23216%	-6,964
Napa	0.42624%	-2,409
Nevada	0.36644%	-2,071
Orange	6.45388%	-36,478
Placer TPA	0.87885%	-4,967
Plumas	0.26385%	-1,491
Riverside	5.70656%	-32,254
Sacramento	3.27901%	-18,533
San Benito	0.22693%	-1,283
San Bernardino	6.56094%	-37,083
San Diego	7.33455%	-41,456
San Francisco	1.75681%	-9,930
San Joaquin	1.77716%	-10,045
San Luis Obispo	1.30867%	-7,397
San Mateo	1.78783%	-10,105
Santa Barbara	1.47372%	-8,330
Santa Clara	4.11222%	-23,243
Santa Cruz	0.70825%	-4,003
Shasta	0.75799%	-4,284
Sierra	0.12532%	-708
Siskiyou	0.51970%	-2,937
Solano	1.07293%	-6,064
Sonoma	1.31912%	-7,456
Stanislaus	1.31465%	-7,431
Sutter	0.30298%	-1,712
Tahoe RPA	0.16089%	-909
Tehama	0.38534%	-2,178
Trinity	0.27317%	-1,544
Tulare	1.62384%	-9,178
Tuolumne	0.30193%	-1,707
Ventura	2.19267%	-12,393
Yolo	0.63327%	-3,579
Yuba	0.23192%	-1,311
Statewide Regional	100.00000%	(565,216)
Interregional		(188,405)
TOTAL		(753,621)


Schematic Illustrating How a Negative STIP Looks
Data Source: 2016 STIP Revised Fund Estimate
2014 STIP Programmed Projects
2016 STIP Funding Capacity
Value of Delayed Projects
Dollars in Millions
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
15-16
16-17
17-18
18-19
19-20
20-21
Fiscal Year
Delete $754 million dollars of projects from the STIP.

Fact Sheet: State Transportation Improvement Program (STIP)

The State Transportation Improvement Program (STIP) is adopted every two years by the California Transportation Commission (CTC). Each STIP adds two new years to a five-year program. STIP funds, funded with a portion of gas taxes, are divided:

- 75% to regional agencies, like the Shasta Regional Transportation Agency (SRTA), through Regional Improvement Program (RIP) funds; and
- 25% to the state through Interregional Improvement Program (IIP) funds, which do not include any regional shares.

Both RIP and IIP funds are programmed in the STIP.

Regional County Shares:
For each new STIP, SRTA is provided about $3.0M of RIP funds to program for projects. This amount, known as county shares, can be carried over or be advanced. To maximize funding to the region, SRTA strives to leverage state Interregional Improvement Program funds to supplement its regional shares.

***Programming*:**
SRTA's projects for RIP funding are identified in the RTIP and submitted to the CTC for their approval and programming in the STIP.

***Project Types*:**
STIP projects (RIP- or IIP-funded) typically add capacity to the state's transportation system: state and regional highways, intercity rail, and regional transit.

<u>RTIP Project Selection Priorities</u>

- ✓ Regional Transportation Plan (RTP) consistency
- ✓ Ability to leverage other funds
- ✓ Regional congestion-relief benefit
- ✓ Capacity-increasing benefit
- ✓ Likelihood of full project funding
- ✓ Other funding not available
- ✓ Cost sharing

SR 44 Dana to Downtown Opening, October 2010

<u>Prior SRTA RTIP Projects</u>

- State Route (SR) 44 Dana to Downtown
- Knighton Road Extension to Redding Airport
- Pine Grove Avenue Extension to Lake Boulevard
- North Street Improvement Project
- East Redding Bike Lanes
- South Bonnyview Drive Widening (partial)
- Cypress Avenue Corridor and Bridge Widening (partial)