APPENDIX P

FINANCIAL ELEMENT - DETAILED DESCRIPTIONS OF FUNDING PROGRAMS & REVENUE & PROJECT COST ESCALATION

FEDERAL

Regional Surface Transportation Program (RSTP)

RSTP was established by the 1991 Federal Intermodal Surface Transportation Efficiency Act (ISTEA) and continued with the passage of TEA 21 in 1997 and SAFEATEA-LU in 2005. RSTP is the most flexible of the Federal transportation funding programs. A broad variety of transportation projects and modes, are eligible on federal-aid roads and all bridges.

Examples of projects eligible for RSTP include highway projects; bridges (including construction, reconstruction, seismic retrofit and painting); transit capital improvements; carpool, parking, bicycle, and pedestrian facilities; safety improvements and hazard elimination; research; traffic management systems; surface transportation planning; transportation enhancement activities and control measures; and wetland and other environmental mitigation.

80% of the STP apportionment is distributed among the urbanized and non-urbanized areas of the State through Metropolitan Planning Organizations and Regional Transportation Planning Agencies. The remainder goes directly to counties in a formula equal to 110% of the Federal Aid Urban/Federal Aid Secondary (FAU/FAS) funding in place prior to 1991. The maximum federal reimbursement rate is 88.53 percent.

Congestion Mitigation and Air Quality Program (CMAQ)

The Congestion Mitigation and Air Quality (CMAQ) Improvement Program was established by the 1991 Federal Intermodal Surface Transportation Efficiency Act (ISTEA) and was re-authorized with the passage of TEA-21 in 1997 and SAFETEA-LU in 2005. Funds are directed to transportation projects and programs which contribute to the attainment of maintenance of National Ambient Air Quality Standards in non-attainment or air quality maintenance areas for ozone, carbon monoxide, or particulate matter under provisions in the federal Clean Air Act. As part of the Sacramento Valley air basin, which is in non-attainment for ozone, Placer County is eligible for CMAQ funds.

Eligible federal-aid projects include public transit improvements; high occupancy vehicles (HOV) lanes; Intelligent Transportation Infrastructure (ITI); traffic management and traveler information systems (i.e., electric toll collection systems; employer-based transportation management plans and incentives; traffic flow improvement programs (signal coordination);

fringe parking facilities serving multiple occupancy vehicles; shared ride services; bicycle and pedestrian facilities; flexible work-hour programs; outreach activities establishing Transportation Management Associations (TMAs); fare/fee subsidy programs; and under certain conditions, PM-10 projects. The maximum federal reimbursement rate is 88.53 percent.

Transportation Enhancement Activities Program (TE)

Federal Transportation Enhancement Activity funds are to be used for transportation-related community-based capital improvement projects that expand travel choices and enhance the transportation experience by improving quality-of-life (cultural, historic, aesthetic and environmental) aspects in or around transportation facilities. Projects must be over and above required mitigation and normal transportation projects, and the project must be directly related to the surface transportation system. The projects should have a quality-of-life benefit while providing the greatest benefit to the greatest number of people.

Under TE funding is divided into the following four shares:

- Regional
- Conservation Lands
- Caltrans
- Statewide Transportation Enhancement

Regional Transportation Planning Agencies receive 75% of the TEA dollars in California, which are distributed to regions as part of the County Shares in the State Transportation Improvement Program (STIP) funds. The remaining 25% goes to the State. The maximum federal reimbursement rate is 88.53 percent.

National Highway System (NHS)

The National Highway System program provides funding for the 163,000 mile of the National Highway System. The NHS system consists of interstate highways and major primary roads. NHS funds are distributed based on a formula including each state's lane-miles of principal arterials, vehicle miles, and diesel fuel use. States may transfer up to 50 percent of NHS funds to other road programs or transit, and up to 100 percent of these funds in states with Clean Air Act non-attainment areas with approval of the U.S. Secretary of Transportation.

Highway Bridge Replacement and Rehabilitation Program (HBRR)

The intent of the Highway Bridge Replacement and Rehabilitation program is to rehabilitate or replace bridges that are unsafe because of structural deficiencies, physical deterioration, or functional obsolescence.

Deficient highway bridges eligible for replacement or rehabilitation must be over waterways, other topographical barriers, other highways, or railroads. HBRR funds may be used for:

- The total replacement of a structurally deficient or functionally obsolete highway bridge on any public road with a new facility constructed in the same general traffic corridor;
- The rehabilitation that is required to restore the structural integrity of a bridge on any public road, as well as the rehabilitation work necessary to correct major safety (functional) defects;
- The replacement of low-water crossings;
- Bridge painting and bridge railing replacement;
- Seismic retrofit;
- Engineered scour countermeasures, and
- Bridge approach barrier and railing replacement.

Funding is distributed by continuous competitive project selection through Caltrans and requires non-federal matching funds. The maximum federal reimbursement rate is 88.53 percent.

Highway Safety Improvement Program (HSIP)

SAFETEA-LU established the Highway Safety Improvement Program (HSIP) as a core federal-aid program. The HSIP purpose is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads through implementation of infrastructure-related highway safety improvements. The HSIP has several program features, including the Railroad/Highway At-Grade Crossings and High-Risk Rural Roads programs. The federal reimbursement rate is 90 percent.

Railroad/Highway At-Grade Crossing Program (Section 130)

The purpose of this program, which is also known as Section 130, is to reduce the number and severity of highway accidents by eliminating hazards to vehicles and pedestrians at existing railroad crossings. To be eligible the project location must be a public road on both sides of the intersection and must be included on California's Section 130 Priority List. Railroad/highway at-grade crossing improvement projects include, but are not limited to, installation and upgrade of railroad protection systems to a state-of-the-art condition at grade crossings and grade crossing eliminations. Projects are evaluated under existing conditions and any roadway widening projects to improve roadway capacity will not be considered. The project must be delivered in the year programmed. Additionally, locations that are funded will not be eligible for a subsequent project for ten years. The program is competitive and the federal reimbursement rate is 100 percent.

High-Risk Rural Roads Program (HR3)

The purpose of the High-Risk Rural Roads Program is to correct or improve hazardous roadway locations or features to reduce the frequency and severity of accidents on rural roads. The project must be located on a rural major collector, a rural minor collector, or a rural local road. The program is competitive and the federal reimbursement rate is 90 percent.

Hazard Elimination Safety Program (HES)

The purpose of this program is to eliminate or reduce the number and severity of traffic accidents at hazardous locations. To be eligible for federal HES funds, the project must be located on any local road. Projects must correct an identified safety hazard or problem.

Safe Routes to School Program (SR2S)

Caltrans has established a “Safe Routes to School” construction program utilizing federal transportation funds for construction of bicycle and pedestrian safety and traffic calming projects, or outreach programs that promote walking and bicycling through education, encouragement and enforcement. The intent of the program is to increase the number of children in grades K-8 to walk or bicycle to school by removing barriers that currently prevent them from doing so. To be eligible for SR2S funds, the project must be located on either a state highway or local road. Projects must correct an identified safety hazard or problem on a route that students use for trips to, and from, school. The SR2S program was created as a subset of the Hazard Elimination Safety (HES) program. The program is competitive and the federal reimbursement rate is 100 percent.

Emergency Relief Program (ER)

The ER Program is intended to assist local agencies when local resources are inadequate to cope with disasters or catastrophic failures. For a declared disaster, ER funds are intended to aid state and local highway agencies in paying unusually heavy expenses or repairing serious damage to Federal-aid highways resulting from natural disasters or catastrophic failure. Only work that exceeds heavy maintenance, is extraordinary, and restores the facility to its previous level of service is eligible.

The annual amount available to an individual state varies each year depending on disasters experienced by the sates.

Highways for LIFE Pilot Program (HFL)

FHWA's new Highways for LIFE program is a competitive discretionary program, that provides funding for projects with the purpose of advancing longer-lasting highway infrastructure using innovations to accomplish fast construction of efficient and safe highways and bridges. An eligible project include construction, reconstruction or rehabilitates a federal-aid highway, and employs innovative technologies, manufacturing processes, financing, or construction methods that improve safety, decrease construction congestion, and improve overall highway quality. Agencies that have not received HFL grants in the past are given preference. Funding projects in as many states is an important factor in the selection process

Federal Discretionary Programs

There are a number of highway, transit, and rail discretionary programs available to California applicants authorized by various sections of SAFETEA-LU. Funding for these programs vary—some are formula driven and others are nationally competitive. Funds are distributed over the six-year life of SAFETEA-LU.

The following are some of the programs with a brief description:

Corridors and Borders: Provides funds to states for coordinated planning, design and construction of transportation corridors of national significance, economic growth or interregional or international trade.

Transportation and Community and System Preservation Pilot Program: Researches relationships between transportation, community preservation and the environment and funds projects to address transportation efficiency and community system preservation.

National Scenic Byways: Provides funding for eligible scenic byway projects along All-American Roads or designated scenic byways and for the planning, design and development of State scenic byway programs.

Public Lands Highways: Provides funding for eligible transportation projects within, adjacent to, or providing access to the areas served by federal public lands highways.

Interstate Maintenance Discretionary: Provides funding for resurfacing, restoring, rehabilitating and reconstructing, including adding travel lanes, of the interstate system, including interchanges and overcrossings along the system.

Intelligent Transportation System Deployment: Provides funds for ITS integration and deployment projects—funding and projects are congressionally designated.

Federal Demonstration Program (High Priority Projects)

A demonstration project is specifically established and funded by Congress through federal law. Demonstration projects are generally provided as part of the periodic transportation authorization acts or the annual transportation appropriation acts. The federal reimbursement rate is typically 80 percent; however, demonstration funds provided by legislation may not be enough to fully fund a project. Demonstration projects are initiated by Congress, usually at the request of constituents within a given congressional district. The Federal Demonstration Program has provided funding toward the Interstate 80 operation improvement projects and the Lincoln Bypass (CHECK?).

FTA Job Access Reverse Commute Section 5316

The federal Job Access Reverse Commute program was authorized under TEA 21 and continued under SAFETEA-LU, awarding competitive grants to local agencies to improve access to employment areas, particularly for those transitioning from welfare programs and eligible low-income individuals. Examples of funded programs include extended hours and routes on transit systems to serve employment areas.

FTA New Freedom Section 5317

The New Freedom program was authorized under SAFETEA-LU and provides funding to assist transit operators to provide new and continuing transportation services for individuals with disabilities above and beyond the minimum currently required by the Americans with Disabilities Act of 1990.

FTA Section 5307

Formerly known as the Section 9 program, Section 5307 provides capital assistance funds, including preventative maintenance, for transit services in urbanized areas by formula. In Placer County, the 2000 Federal census expanded the urbanized area from Roseville/Rocklin to add Loomis and Auburn and unincorporated urban Placer County for eligibility for these funds. Because the FTA sees the overall Sacramento urbanized area as a single unit, Section 5307 funds are funneled to these areas via the Sacramento Regional Transit District.

FTA Section 5308

Known as the Clean Fuels program, Section 5308 provides capital grants to purchase clean fuel vehicles and related facilities. In the past, Congress transferred program funding to the Section 5309 Bus Discretionary program.

FTA Section 5309

Capital investment grants for bus and rail modernization, fixed guideway facilities, and New Start projects.

FTA Section 5311

Formerly known as the Section 18 program, Section 5311 provides operating and capital assistance funds for transit services in non-urbanized/rural areas by formula. Colfax, Lincoln, and rural Placer County are eligible for these funds. Caltrans administers this program, with the assistance of regional transportation planning agencies, which develop the annual Program of Projects.

FTA Section 5310

Section 5310 provides competitive grants on a statewide basis for capital improvements to transit services specifically targeted to the elderly and disabled. Examples of successful applications are typically new accessible transit vehicles, particularly vans and small busses. Caltrans administers this program in California, with the assistance of regional transportation planning agencies. The maximum federal reimbursement rate is 88.53 percent.

High Speed / Intercity Passenger Rail (HSIPR) Program

As State intercity passenger rail funds have become ever more uncertain, new federal funding sources administered through the Federal Railroad Administration (FRA) have been launched by Congress. The High Speed / Intercity Passenger Rail (HSIPR) Program is funded with $8 billion from the American Reinvestment and Recovery Act (ARRA). HSIPR is a two phased program. The first phase focuses on job creation, while the second phase focuses on corridor development. HSIPR allows for prior non-federal fund expenditures since 2004 to be included as match, although matching funds are not required. Prior Capitol Corridor Joint Powers Authority (CCJPA) funds and that of its project partners can be used to match future HSIPR grants. Over the next five years, HSPIR will be supplemented through the Passenger Rail Investment and Improvement Act (PRIIA). Successfully pursuing these federal funds will be contingent on stable and reliable State funding sources.

Federal Airport Improvement Program (AIP)

The Federal AIP provides funding directly to federally designated airports for the planning and development of public-use airports that are in the National Plan of Integrated Airport Systems (NPIAS). The federal share of eligible project costs is up to 95 percent. California typically matches approximately 2.5 percent, with local agencies funding the remaining 2.5 percent match. Eligible projects include improvements related to enhancing airport safety, capacity, security, and environmental concerns. In general, sponsors can use AIP funds on most airfield capital improvements or repairs, except for terminal hangers, and non-aviation development.

Innovative Management of Federal Funds

There are several federal fund management strategies that are designed to provide states with greater flexibility in managing Federal-aid highway funds. The principal objective of these fund management strategies is to ease restrictions on the timing of obligations and reimbursements and to create a broader range of options for meeting federal participating cost match requirements. These strategies are commonly referred to as “cash flow” tools.

There are four strategies for managing federal funds, which are summarized below:

Advance Construction: Advance Construction (AC) allows a sponsor to begin a project even if the sponsor does not currently have sufficient Federal-aid obligational authority to cover the federal share of the project’s costs. A sponsor may also elect to obligate funds for an AC project in stages. This is called Partial Conversion of Advance Construction (PCAC).

Tapered Match: With tapered match, the non-federal matching requirement applies to the aggregate cost of a project rather than on a payment-by-payment basis.

Flexible Match: Flexible match allows a sponsor to substitute private and other donation of funds, materials, land, and services for the non-federal share of funding highway projects.

Toll Credits: States may use revenue from toll credits toward the non-federal matching share. FHWA recently approved $5.7 billion in toll credits to California from $7.1 billion in toll revenue expenditures the state made between 1992 and 2006. As a result, Caltrans has developed a two-year (FY 2011 to FY2012) demonstration program and implementation policies on the use of toll credits. Further discussion in this Appendix can be found under State funding.

STATE

State funding also comes largely from the fuel tax, augmented by contribution from the state sales tax on motor fuel via Proposition 42. State funds are combined with funding from various federal programs through the biennial State Transportation Improvement Program (STIP) programming process and apportioned to the state highway system, rail projects, and other projects throughout the state on the basis of a geographically based formula. State programs of interest to Placer County include:

State Transportation Improvement Program (STIP)

The STIP is a multi-year capital improvement program that assists state and local entities to plan and implement transportation improvements and to utilize resources in a cost effective manner. All STIP projects must be capital projects (including project development costs) needed to improve transportation. These projects generally may include, but are not limited to, improving state highways, local roads, public transit, intercity rail, pedestrian and bicycle facilities, grade separations, transportation system management, transportation demand management, soundwalls, intermodal facilities, safety, and environmental enhancement and mitigation, including TEA projects.

STIP funding is split 25% to the Interregional Transportation Improvement Program (ITIP) for projects nominated by Caltrans, and 75% to County Shares for the state's 58 counties for projects nominated in each county's Regional Transportation Improvement Program (RTIP), as decided by regional agencies. The overall STIP is adopted by the California Transportation Commission (CTC), which can accept or reject each RTIP and ITIP in its entirety.

State Highway Operations and Protection Program (SHOPP)

The SHOPP is a ten year program developed by Caltrans for the expenditure of transportation funds for major capital improvements that are necessary to preserve and protect the state highway system. Projects included in the SHOPP are limited to capital improvements relative to maintenance, safety and operations, and rehabilitation of state highways and bridges which do not add capacity to the system. Caltrans updates the SHOPP periodically. The RTP includes the programmed portion of the SHOPP as well as planned investments over a ten year horizon.

Local Transportation Fund (LTF)

The Transportation Development Act (TDA) of 1971 added ¼% to the statewide sales tax to fund transit services throughout the state. These monies, known as the Local Transportation Fund, are returned to the county of origin for use to operate the transit systems in that area. The funds are administered by the regional transportation planning agency in accordance with TDA regulations. While the primary focus of the LTF is transit service, there are provisions for use of the funds for other transportation modes. For example, under Section 3 of the TDA statute, regions may elect to set aside up to two percent of the LTF for pedestrian and bicycle projects, and under Article 4.5, regions may elect to set aside up to five percent of the LTF for Consolidated Transportation Service Agency (CTSA). In regions with less than 500,000 population, some funds may also be used for street and road purposes upon completion of an annual unmet transit needs process.

Funding levels vary both annually and by locale, depending on the sales tax generated.

State Transit Assistance (STA) Fund

In addition to the LTF, the Transportation Development Act (TDA) of 1971 also established a program of direct subvention for transit services through state generated funding, known as the Public Transportation Account (PTA). Funds are allocated through the annual state budget. Distribution is calculated by the State Controller and administered by the regional transportation planning agency. Funds are distributed under Section 99313 of the Public Utilities Code based on population, and under Section 99314 based on the fares generated by the various transit operators. Due to State budgetary issues the STA program has been deferred to FY 2013/14.

Highway-Railroad Grade Separation Program

The purpose of this program is to improve safety and to expedite the movement of vehicles by eliminating highway-rail crossings at grade. Agencies with jurisdiction over public roadways that cross railroad tracks are eligible to receive funds under this program. Three types of projects are considered: 1) the alteration or reconstruction of existing grade separations; 2) the construction of new grade separations to eliminate existing or proposed grade crossings; 3) the removal or relocation of roads or tracks to eliminate existing grade crossings. Projects must be included on the Public Utilities Commission list for eligibility, and are selected for funding on a competitive basis by Caltrans.

Current statutes require that $15 million be included in each annual state budget for grade separation projects under this program. In general, State participation per project is limited to $5 million or 80 percent of the project cost, whichever is less.

Environmental Enhancement and Mitigation Program (EEM)

The purpose of the EEM Program is to mitigate environmental impacts or new or modified public transportation facilities beyond the mitigation level required by the project's environmental document. Projects must provide mitigation or enhancement in addition to the mitigation required as part of the transportation projects to which they are related. Funding is distributed on a competitive basis and is administered jointly by the Resource Agency and

Caltrans. There are three categories of EEM funding: Highway Landscape and Urban Forestry, Resource Lands, and Roadside Recreational.

Bicycle Transportation Account Program (BTA)

The BTA is intended to provide funds for bicycle transportation, which is recognized as an important and low cost mode of public transportation. The BTA provides funds to local agencies for projects that improve safety and convenience for bicycle commuters. To be eligible for BTA funding, cities and counties must have an adopted Bicycle Transportation Plan that has been approved by the appropriate regional transportation planning agency and Caltrans. Funding is awarded by competitive grant and administered by Caltrans. Applicants provide a match of at least 10 percent of the total project cost.

Traffic Congestion Relief Program (TCRP)

The TCRP was a one-time direction of surplus state funds to transportation purposes. At an overall total of more than $5.3 billion, funding was been provided for selected projects that will relieve traffic congestion, improve goods movement, and provide connectivity between systems. However, none of the named projects were in Placer County.

The TCRP program does, however, include approximately $1.5 billion generated through the dedication of the sales tax on motor fuel over five years (2001/02 through 2005/06), distributed 40% to augment the STIP, 40% to cities and counties for continued local street and road maintenance, and 20% to augment the Public Transportation Account.

State budget problems, starting in FY 2002/03, have necessitated the suspension of the TCRP program, and borrowing from the State Highway Account to cover previously approved expenditures. The long-term fate of the TCRP program remains unclear, but the overall direction appears to be to repay loans and replace funds to the State Highway Account over the long term.

Proposition 1B Bonds (Prop 1)

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 authorizes $19.9 billion in general obligation bonds to fund projects to relieve congestion, facilitate goods movement, improve air quality, and enhance the safety and security of the transportation system. The following summarizes several of the key Prop 1 bond programs of interest to Placer jurisdictions:

<u>Corridor Mobility Improvement Account (CMIA) - $4.5 billion:</u> This fund is for traffic congestion on the state highway system, or major access routes to the state highway system on the local road system that relieves congestion. Key requirements include:

- Projects must be nominated jointly by Caltrans and the regional transportation planning agency
- Projects should be on or of benefit to specified corridors of statewide interest. In Placer, those corridors include I-80 and SR 65.
- Projects must be under construction by December 31, 2011. Therefore, as a practical matter, projects should have at least a completed Project Study Report (PSR) or, preferably, a completed environmental document.
- A north/south split, wherein 60% of the funds go to Southern California and 40% to Northern California, is applied.
- Criteria focus on projects that will make the most positive improvements to corridor congestion soonest and most cost-effectively.

<u>Public Transit and Intercity Rail Account - $4 billion:</u> Of the $4 billion, $400 million is directed to intercity rail, of which $125 million will be for intercity rail cars and locomotives. The remaining $3.6 billion will be allocated to jurisdictions by the regional transportation planning agencies via the existing State Transit Assistance formulas. Because these funds are distributed by formula, Placer is guaranteed its fair share.

<u>California Ports and Trade Infrastructure - $2 billion:</u> These funds are allocated by the CTC for improvements along federally designated trade corridors and require a 50 percent match, which can come from any other funding source, such as federal earmarks, STIP, and local impact fees.

<u>State Transportation Improvement Program (STIP) Augmentation - $2 billion:</u> These funds would re-infuse the STIP with some of the funding that had been borrowed away over the past five years. With a formula distribution to all regional transportation planning agencies around the state, it ensures equitable distribution. 25 percent of the funds for the STIP are provided to Caltrans for use in the Interregional Transportation Improvement Program (ITIP). 75 percent of the funds are divided up amongst regional agencies, such as PCTPA, to program in our county's Regional Transportation Improvement Program (RTIP). Placer's county share will be counted against the large advance for the programming of the Lincoln Bypass, which reduces the debt to just under $53 million.

<u>Local Streets and Roads - $2 billion:</u> These are one-time discretionary funds, which are split equally between cities and counties, with funds allocated according to long-established formulas developed by the California Association of Counties and the League of California Cities. There is a minimum guarantee of $400,000. Eligible projects include road maintenance and rehabilitation, and also allow money to be used for transit, congestion, and safety projects.

<u>Highway-Rail Grade Crossing Safety - $250 million:</u> These funds are allocated to Caltrans to administer a competitive program for high-priority grade separation projects pursuant to current statute. A dollar-for-dollar match is required. $100 million of these funds will be allocated by the CTC outside of the current process, but are directed to focus on crossing in ozone non-attainment areas and crossings that delay access to emergency services.

Local Bridge Seismic Retrofit Account - $125 million: Funds are allocated to provide the 11.5 percent match for the Federal Highway Bridge Replacement and Repair program for the seismic work on local bridges, ramps, and overpasses as determined by Caltrans.

State Highway Operation Preservation Program (SHOPP) - $750 million: These funds are allocated by the CTC for maintenance and safety projects on the state highway system. $250 million of these funds must be used for Intelligent Transportation Systems and Traffic Light Synchronization on the state highway system. These funds will be provided to Caltrans.

Transit Safety and Disaster Preparedness: $1 billion: These funds are allocated to capital projects that increase protection against security and safety threats to public transportation systems.

Toll Credit in Lieu of Non-Federal Share Match

The Transportation Equity Act for the 21st Century (TEA-21) allowed states to use certain toll revenue expenditures as a credit toward the non-federal matching share of some highway and transit programs. FHWA recently approved $5.7 billion in toll credits to California from $7.1 billion in toll revenue expenditures the state made between 1992 and 2006. As a result, Caltrans has developed a two-year (FY 2011 to FY2012) demonstration program and implementation policies on the use of toll credits. Caltrans will develop permanent policies after the demonstration period concludes. Caltrans policy limits toll credits use to local projects funded with RSTP, CMAQ and off-federal aid system bridge projects funded by HBP. Caltrans policy requires each region to identify and present projects needing toll credits before October 1 each year.

Toll credits do not generate any new federal funding. Use of toll credits is limited to meet the non-federal match requirement of federal participating cost for apportionments and obligational authority (OA) available in any given year. Toll credits can be used on any phase that has not received authorization (E-76) by FHWA. It use will help those projects that would otherwise be delayed for lack of matching funds. Use of toll credits should not result in the redirection of non-federal funds away from transportation.

Fuel Taxes

The State of California imposes an excise tax of 18 cents per gallon on motor fuel. These funds are then distributed by formula directly to cities and counties for street and road maintenance.

Motor Vehicle Fees

Vehicle registration and drivers license fees are deposited into the State's Motor Vehicle Account and are used to fund California Air Resource Board (CARB), California Highway Patrol (CHP) and Department of Motor Vehicle (DMV) programs and activities. Any balance from this account is deposited into the State Highway Account. Vehicle license fees are deposited into the State's Motor Vehicle License Fee Account and are used to fund Department of Motor Vehicle (DMV) programs and activities, and are also distributed based on population to cities and counties as local general funds.

California Aid to Airports Program (CAAP)

The CAAP encompasses several programs administered by Caltrans Division of Aeronautics. These include: discretionary grants for capital improvements supporting land acquisition, airport development for non-NPIAS airports, and preparation of an ALUCP; annual grants of $10,000 each to general aviation airports; an airport loan program consisting of low-interest simple loans for revenue generating projects such as hanger construction; and matching funds at 2.5 percent for Federal Aviation Administration (FAA) AIP grants at NPIAS airports.

REGIONAL

South Placer Regional Transportation Authority Regional Transportation and Air Quality Mitigation Fee

In 2002, four Placer jurisdictions – Lincoln, Roseville, Rocklin, and Placer County – formed the South Placer Regional Transportation Authority (SPRTA) and established a Regional Transportation and Air Quality Mitigation Fee. The Regional Transportation and Air Quality Mitigation Fee will generate $191 million by 2022 for specified key projects, including Sierra College Boulevard improvements, I-80/Douglas Boulevard Interchange improvements, and the Lincoln Bypass, Placer Parkway, and rail and transit programs.

Highway 65 Joint Powers Authority Fee Program

The cities of Rocklin and Roseville along with Placer County formed the Highway 65 Joint Powers Authority Fee Program to fund interchange improvements along SR65 in the area of Rocklin, Roseville, and unincorporated Placer County. The interchanges include: Stanford Ranch / Galleria Boulevard, Pleasant Grove Boulevard, Blue Oaks Boulevard, and Sunset Boulevard. The fee program assesses fair share costs to each jurisdiction on their impact on the individual improvements from new development. The fee program is managed by the City of Roseville.

Placer County / City of Roseville Joint Fee Program

The Placer County / City of Roseville Joint Fee Program was implemented in 2004 to fund future traffic improvements along Baseline Road, Fiddyment Road, and Walerga Road. The fee program assesses fair share costs to each jurisdiction on their impact on the individual improvements from new development. The development fees collected are used to fund only those capital improvements that require agency cooperation and joint funding.

LOCAL

Transit Fares

Funds generated by passenger fares on transit are used to help fund that transit system. Under the requirements of the TDA, fares must generate at least 10% of the operating revenue for rural transit systems and for CTSA services, and 15% for others.

General Funds

At the discretion of the City Council or Board of Supervisors, city and county general funds generated primarily from property and local sales taxes may be used to augment transportation funding. With high demand on such funds, and generally low availability, general funds are not considered a strong source of transportation funding.

Traffic Impact Fees

Under state law, jurisdictions may impose fees on new development to mitigate their impacts on local services. One common impact fee is for traffic generated by the new development on the road system. The fees collected through these programs, in addition to other funding sources, make it possible for jurisdictions to construct roads and other transportation facilities and improvements needed to accommodate the new development. Each jurisdiction in Placer County has in place a traffic impact fee program.

Fees must be backed by a traffic study that provides a nexus of the improvements to the traffic generated by the development, as required by AB 1600. Fees are imposed on a new development based on its Dwelling Unit Equivalent (DUE), which is a factor for a particular land use category that takes into account the number of trips made within the afternoon peak hour, the average trip length in miles, and the percentage of new trips resulting from that land use. Trip generation rates for various land use categories are provided by the Institute of Transportation Engineers (ITE) “Trip Generation Manual, 7th Edition.”

Traffic Mitigation Measures

Traffic mitigation decisions are, by necessity, made on a case-by case basis. Each development project is unique, and the extent and types of traffic mitigation measures selected for a project will be determined by the projected traffic characteristics of the project as well as the site in which it is located. Additionally, some development projects offer special traffic mitigation challenges and some measures will be better able than others to accomplish mitigation needs. Traffic mitigation is typically imposed through the environmental review process or as conditions of development approval.

Community Facilities Districts

In 1982, the Mello-Roos Community Facilities Act of 1982 was created to provide an alternate method of financing needed improvements and services. The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Community Facilities District (CFD), which allows for financing of public improvements or services when no other source of funding is available. CFDs are normally formed in undeveloped areas and are used to build streets, install water and sewer system, and other basic infrastructure so that new homes or commercial space can be built. CFDs are also used in older areas to finance new schools or other additions to the community. A CFD is created by a sponsoring local government agency. The proposed district would include all properties that benefit from the improvements to be constructed or the services to be provided. A CFD cannot be formed without a two-thirds majority vote of residents living within the proposed boundaries. Or, if there are fewer than 12 residents, the vote is instead conducted of current landowners.

Special Benefit Assessment Districts

The passage of Proposition 218 on November 6, 1996, established a strict definition of "special benefit," which applies to any new or increased assessments proposed after that date. In a reversal of previous law, a local agency is now prohibited by Proposition 218 from including the cost of any general benefit in an assessment apportioned to individual properties. Assessments are limited to those necessary to recover the cost of the special benefit provided the property. A special benefit means "a particular and distinct benefit over and above general benefits conferred on real property located in the district or the public at large. General enhancement of property value does not constitute special benefit. An example of a special benefit could include a transportation improvement meeting the specific traffic needs within a geographic area. A special benefit assessment district cannot be formed without a two-thirds majority vote of residents living within the proposed assessment district boundaries

Exactions

An exaction may include a variety of development fees, construction of a public improvement or amenity as well as dedications, easements or a conveyance of land; for example, rights-of-way for a new road or widening of an existing road. Exactions are often demanded as permit conditions of development.

OTHER POTENTIAL FUNDING MECHANISMS

Tier 2 Fee Program

The new growth from major development anticipated in southwestern Placer County will require additional transportation infrastructure, particularly the Placer Parkway. The Tier 2 Fee Program would apply to development within the following areas proposed for new development: Placer Vineyards, Curry Creek, Regional University, Placer Ranch, Sierra Vista, Brookfields, Creek View, the area covered under the Roseville Memorandum of Understanding (MOU), and the Lincoln General Plan expansion areas. The Fee Program is intended to accommodate the roadway capacity needs of new growth in southern Placer County. The Fee Program would be imposed through development agreements. Projects without development agreements that proceed under adopted General Plans are proposed to not be subject to the Tier 2 Fee. A Capital Improvement Program (CIP) is currently under development that would be implemented prior to construction of these new developments. The Tier 2 Fee is estimated to generate about $480 million.

Local Transportation Sales Tax

Since 1984, state law has permitted counties to impose a sales tax dedicated to transportation purposes with the approval of a majority of the county voters.

In 1995, however, it was determined by the State Supreme Court that transportation sales taxes were special taxes and under Proposition 62, would require a 2/3 majority vote. This has made subsequent transportation sales tax approvals significantly more difficult. Nine counties - Santa Clara, Alameda, Riverside, San Diego, San Francisco, San Mateo, San Bernadino, Contra Costa, and Sacramento - have passed sales tax extensions since 1995. Only Marin and Sonoma Counties have been able to pass new sales tax measures in the last decade.

As of 2004, 18 counties have passed transportation sales taxes, representing 85 percent of the State's population, generating billions of dollars for transportation purposes in those counties. Should Placer pursue and pass a transportation sales tax, it is estimated it could generate $930 million to $1.25 billion over 30 years.

Local Option Motor Vehicle Fuel Tax

The State has raised the gas tax through the passage of Proposition 111 in 1990, rising to 18 cents per gallon. Senate Bill 215 authorizes counties to hold an election to tax local sales of gasoline. An increase in fuel tax requires a 2/3 approval of the general electorate. The statutes do not limit the amount of tax increase that may be voted upon. One advantage to a motor vehicle fuel tax is that it is user oriented. Fuel consumption is related to roadway use, thus users bear the burden of costs commensurate with their use.

User Fees

Some transportation providers and facilities may impose fees for the use of those facilities. Such user fees may include parking fees, airport landing fees, airplane hangar rental fees, and so on.

The recent state budget crisis has given rise to the concept of toll roads and high occupancy toll (HOT) lanes, which are both forms of user fees. In these scenarios, drivers would pay to use either totally separate facilities (toll roads) or to access high occupancy vehicle lanes in a single occupant vehicle (HOT lanes). Placer facilities that could lend themselves to this type of approach would be Placer Parkway (toll road or HOT lanes) and I-80 (HOT lanes only).

Public/Private Partnerships

Public/private partnerships involve cooperative development of projects involving the efforts of a private company and a public agency. Examples of joint development include the private development of a public facility, cooperative financing of public facilities, transfer of development rights, and density bonuses. The legal basis for joint development depends on the circumstances of the agreement; however, generally the authority to require dedication of land or exactions as a condition of development derives from the agency's police power to protect public interests.

Peak Hour Congestion Pricing

This is a fee charged to those using transportation facilities during the peak period. As a user charge, it is neither a tax nor a toll and, therefore, not subject to state or federal tax restrictions. Congestion pricing, while raising additional funds, has secondary benefits for transportation systems. The imposition of user charges creates a disincentive to the use of transportation systems during peak periods. This provides motivation for transportation system users to spread their use to non-peak periods. As a result, the system demand is more evenly distributed, thus creating greater efficiency of use.

Bond Measures

Cities and counties may issue general obligation bonds payable through increased property taxes by a 2/3 majority vote of the general electorate. These bonds may be used to fund government services, including transportation improvements.

REVENUE ESCALATION

Estimated transportation revenues used in the 2035 RTP are based on preliminary forecasts prepared by SACOG for the 2011 MTP update and for the 2011/2014 MTIP. The table below identifies the average nominal growth rates for the 2010 – 2035 planning period developed by SACOG to escalate the revenues in the Placer County financial forecast.

Revenue Escalation

Revenue Source	2035 MTP		2011 MTP Update
	Previous MTP	Adjustment Basis	Average Nominal Growth Rates (%) for 2010-2035
Federal			
Federal Highway & Other			5.02%
-Congestion Mitigation and Air Quality (CMAQ)	3.20%	Avg. CCI+CPI	5.38%
-Regional Surface Transportation Program (RSTP)	3.40%	CCI	5.33%
-Federal Discretionary Programs	3.2% and 3.4%.	Avg. CCI+CPI and CCI	4.00%
Federal Transit (Formula to Region)			8.00%
-FTA 5307 - Urbanized Area Formula Program	2.9% and 3.5%	CPI and wages	5.77%
-FTA 5309 (a) - Rail and Fixed Guideway Modernization	3.40%	CCI	6.00%
-FTA 5309 (b) - New Rail Starts	3.20%	Avg. CCI+CPI	7.00%
-FTA 5311 (b) - Rural Transit Assistance Program	2.90%	CPI	6.00%
-FTA 5316 - Job Access and Reverse Commute Program	3.20%	Avg. CCI+CPI	6.00%
-FTA 5317 - New Freedom	3.20%	Avg. CCI+CPI	4.00%
Federal Transit (Non-Formula to Region)			
-FTA 5310 - Elderly and Disabled Specialized Transit Program	2.90%	CPI	6.00%
-FTA 5309 (c) - Bus Allocations	3.40%	CCI	6.00%
State			
State Highway Operations and Protection Program (SHOPP)	3.40%	CCI	3.02%
State Transportation Improvement Program - (STIP)			6.07%

-Interregional - ITIP	3.40%	CCI	6.07%
-Regional - RTIP	3.40%	CCI	6.07%
Traffic Congestion Relief Program - (TCRP)	3.20%	Avg. CCI+CPI	7.57%
State Transit Assistance (STA)	3.50%	Wages	3.55%
State Highway Account	NA	NA	NA
Intercity Rail	3.20%	Avg. CCI+CPI	4.87%
State Highway Maintenance	3.50%	Wages	2.84%
PTMISEA	NA	NA	-0.24%
Local			
Sales Tax			5.68%
-Local Transportation Fund (LTF)	3.20%	Avg. CCI+CPI	4.33%
Gas Tax Subventions	3.20%	Avg. CCI+CPI	2.04%
Developer Fees			NA
-Impact Fees	3.20%	Avg. CCI+CPI	NA
-In-Kind Projects	3.20%	Avg. CCI+CPI	3.16%
General Funds and Special Fees			NA
-Special District Funds	3.20%	Avg. CCI+CPI	NA
-General Funds - Roads	3.20%	Avg. CCI+CPI	NA
-General Funds - Transit	3.20%	Avg. CCI+CPI	NA
Caltrans Discretionary Grants	3.40%	CCI	2.52%
Transit Fares	3.40%	NA	6.76%
Federal, State, and Local Funds			4.05%
Source: Working Draft 2011 MTP Update - Placer County Financial Forecast, SACOG, May 2010.			

PROJECT COST ESCALATION

ESTIMATE YEAR OF EXPENDITURE DOLLARS

The Financial Element uses an inflation rate of 4.0 percent compounded annually to forecast highway and transit improvement costs in Year of Expenditure (YOE) dollars. The inflation rate is based on an average of the Construction Cost Index (CCI) over an eight year period. The table below shows the CCI from 2002 to 2010.

To calculate the project costs in year of expenditure dollars at this inflation rate, the cost for each project shown in current year (2010) dollars was inflated by 4.0 percent compounded annually from the base year (2010) to the anticipated year of project implementation using the following formula:

YOE$ = ACYD *(1.0 + 0.04) ^n

Where:
YOE$ = year of expenditure dollars
ACY$ = annualized current year dollars
N = number of years from base year (2010)

Construction Cost Index (CCI) for Inflation

Date	20 Cities	San Francisco	Average	Percent (%) Change	
May-02	6512.21	7660.08	7086.15	0.00000%	
May-03	6641.98	7822.94	7232.46	2.06480%	
May-04	7064.14	8106.55	7585.35	4.87918%	
May-05	7398.03	8260.41	7829.22	3.21508%	
May-06	7690.72	8445.69	8068.21	3.05254%	
May-07	7942.00	9116.72	8529.36	5.71564%	
May-08	8140.61	9174.42	8657.52	1.50257%	
May-09	8573.87	9748.42	9161.15	5.81725%	
May-10	8761.47	9885.92	9323.70	1.77434%	
Average	**8590.63**	**9777.64**	**9184.14**		
34.54%	*8 yr % change for 20 cities average*			*3.63%*	*Annual*
29.06%	*8 yr % change for San Francisco average*			*4.32%*	*Annual*
31.58%	*8 yr % change for average*			*3.95%*	*Annual*

Source:

1. CCI is based on May 12, 2002; May 12, 2003; May 10, 2004; May 2, 2005; May 8, 2006; May 14, 2007; May 12, 2008; May 4, 2009; and May 10, 2010 McGraw Hill Construction ENR.