

## STAFF REPORT

**SUBJECT:** State Transportation Improvement Program

**MEETING DATE:** December 16, 2004

**AGENDA ITEM:** 15

**RECOMMENDATION:**

Approve a STIP amendment request to fund delayed STIP projects using regional funds

**SUMMARY:**

A new apportionment of Regional Surface Transportation Program (RSTP) funding for the 04/05 fiscal year provides SBCAG with the opportunity to advance delayed local STIP projects by substituting RSTP funds for STIP funds. This proposal which was developed with the assistance and approval of TTAC also allows a funding shortfall for the 101/Santa Maria six-lane project to be closed, maximizing its chances of being delivered as soon as the CTC starts releasing funds to projects. The lack of STIP funding has delayed the Santa Maria six-lane project and resulted in construction cost increases.

**DISCUSSION:**

SBCAG staff has received inquiries from local agency staff and Board members about the options that exist for advancing local-system State Transportation Improvement Program (STIP) projects that were programmed in the 04/05 Fiscal Year by SBCAG but reprogrammed to 05/06 by the California Transportation Commission (CTC) in the adopted 2004 STIP. In adopting the STIP, the CTC moved the Santa Maria six-lane project forward to the 04/05 fiscal year (SBCAG programmed the project in FY 05/06). This project and the Evans Avenue/Ortega Hill project in Summerland, are the only two FY 04/05 projects in Santa Barbara County in the STIP. The CTC favored these two projects over the six other SBCAG projects they delayed to 05/06 because they met their prioritization criteria of being capacity increasing projects.

The local projects delayed from 04/05 to 05/06 by the CTC were:

PROJECT	COMPONENT	STIP FUNDING AMOUNT Delayed (excluding STIP-TE)	AGENCY
Hollister Ave., Fairview – Rte. 217	Environmental	\$250,000	Goleta
San Jose Creek Bikeway	Environmental	\$200,000	Goleta
Sidewalk Installation	Construction	\$200,000	City of Santa Barbara
Local Street Rehab. (23 locations)	PS&E	\$232,000	City of Santa Barbara
Local Street Rehab. (8 locations)	Construction	\$2.4 million	City of Santa Barbara
Coast Route Bike Path Improvements	Construction, PS&E	\$820,000	Carpinteria
TOTAL		\$4,102,000	

After discussing the matter with TTAC in September, October and December, SBCAG staff and TTAC agree that the best option for moving these projects forward is to remove them from the STIP and fund them with Regional Surface Transportation Program (RSTP) funds.

### **RSTP Funds**

RSTP funds originate with the federal government. Because Santa Barbara County is a relatively small county, the State offers SBCAG the option of exchanging federalized RSTP funds for state dollars. This helps relieve the administrative burden on project sponsors in small counties that would otherwise have to go through the federal obligation process and prepare federal-level environmental studies. Once an exchange agreement is signed between SBCAG and the State, SBCAG receives a check for the exchange amount which it deposits in an RSTP account. Having the cash on hand sets RSTP apart from other State or federal funding programs that SBCAG is responsible for. With STIP funds, for example, SBCAG identifies projects to be funded from the county's share of STIP funds (through the adoption of a Regional Transportation Improvement Program), but the programmed funds are never transferred from the State treasury to SBCAG. Project sponsors bill the State for their expenditures and the legislature and governor can and do spend uncommitted funds on closing shortfalls in the State's general fund.

SBCAG has an RSTP apportionment estimate for the 04/05 fiscal year of \$2,293,935. These funds are normally available for programming for new projects through a regional competitive process. It can be argued, however, that it makes little sense to program these funds for new projects that may not be completed for several years when there are programmed projects that have been delayed by the lack of STIP funding. In addition, there is an RSTP fund balance which results from unprogrammed prior year RSTP apportionments and accrued interest. These funds could potentially be used to remove delayed projects from the STIP or could be programmed in the next programming cycle, tentatively scheduled for Spring 2005.

### **Background on Project Funding Needs**

Since SBCAG staff began evaluating this option, Goleta staff have indicated that funding for the environmental studies on the San Jose Creek Bikeway project have been secured from other sources. So that project doesn't need to be included in the RSTP-for-STIP funding exchange.

The City of Santa Barbara and Carpinteria staffs have agreed that they could accept RSTP partly funding their delayed Street Rehab. and Coast Route Bike Path projects, respectively. For Santa Barbara, at least \$1.544 million would be needed to deliver a package of improvements this fiscal year. The remainder of the project, \$846,000, would remain programmed in the STIP. On the Coast Route project, Carpinteria would need \$230,000 in RSTP to finish project design (PS&E), where they currently have \$70,000 programmed for design in the STIP. This would require transferring funds from the project's construction budget to design, and Carpinteria would have to make up the difference or seek additional funding for construction in the next programming cycle.

The County of Santa Barbara's Evans Avenue\Ortega Hill project is programmed in FY 04/05, however, it has also been delayed by the STIP shortfall and could be advanced by removing the project from the STIP and funding it with available RSTP funds. The project is programmed for construction in the STIP in the 04/05 fiscal year at \$310,000. County staff has requested that this project be fully funded with RSTP funds plus an additional \$62,000, or 20% of project's construction cost, due to inflationary cost increases the project has experienced while waiting for STIP funds. Removing this project would "clear the decks" of smaller, near term STIP

projects and strengthen our contention with the CTC that the Santa Maria six-lane project is the region's priority among ready-to-go projects.

The 101/Santa Maria Six-Lane project is programmed in the STIP for FY 04/05 and is ready to go to construction, but has been delayed by lack of state funding. As a result of these delays the project's construction cost has escalated and created a project budget shortfall. The total amount of escalation is \$3.65 million and SBCAG's share of the escalation is \$2.55 million. The balance of the project shortfall is expected to be funded by a STIP reserve for cost escalation and an increased contribution from Caltrans' interregional share of STIP funds. Before the CTC will allocate the funding required to start construction on this project, the shortfall must be funded. By replacing STIP funding for the 6 local projects with RSTP as proposed, about \$2.8 million in STIP funding would be uncommitted and could be applied to the Santa Maria six lane cost escalation shortfall.

These programming actions are summarized in the attached table.

### RSTP Risks

There are three risks to programming our estimate of RSTP to the delayed STIP projects with the intention of getting them moving this fiscal year.

- When SBCAG programs projects against the apportionment estimate, it does so assuming that the State will agree to exchange the federal RSTP funds for state cash later in the year. If that doesn't happen, project sponsors could be stuck with federal dollars which may not be useful on some projects. For example, the City of Santa Barbara may not want \$200,000 in federalized RSTP for its sidewalk project.
- There is also some risk, in any fiscal year that the apportionment estimate will be overstated and the actual apportionment that SBCAG receives will be less than what has been programmed. If this happened, we would have to draw from the balance of unprogrammed funds to make up the difference.
- Finally, there is an assumption being made at the State-level (which is probably fairly solid) that the RSTP program will continue on in 04/05 in the still-to-be-signed federal transportation reauthorization bill

These risks and caveats have to be kept in mind when SBCAG considers using RSTP funds in 04/05 in place of stalled STIP funds.

### Recommendation

SBCAG staff recommends that the Board use RSTP funds in place of STIP funds to advance delayed STIP projects and fund the Ortega Hill\Evans Avenue project, freeing up STIP funds which should be used to close the escalation shortfall on the Santa Maria six-lane project.

Staff recommends that the Board approve the following programming actions to execute this recommendation:

1. Amend the STIP to remove the Hollister Avenue environmental studies, Santa Barbara Sidewalk Installation construction, Santa Barbara Street Rehab. PS&E (design), part of the Santa Barbara Street Rehab. construction, and the Coast Route Bike Path PS&E (design) from the STIP. Program \$2,546,000 in RSTP funds to the project in place of

the STIP funds. Reduce the Coast Route project's construction funding by \$160,000 to fund higher-than-expected design costs.

2. Amend the STIP to remove the Ortega Hill\Evans Avenue project. Program \$310,000 in RSTP in place of the programmed STIP funds, plus an additional \$62,000 in RSTP for escalation.
3. Reprogram \$2,742,000 in STIP from the delayed STIP projects to the Santa Maria six-lane project to close SBCAG's share of the escalation shortfall and fund other cost increases that the project may experience.
4. Program \$24,000 in STIP-TE funds that are no longer needed by SBCAG to the region's STIP-TE reserve.

Subject to the board's approval, a request to amend the STIP as noted above will be submitted to the Caltrans and the CTC.

**COMMITTEE REVIEW:**

This issue was discussed with TTAC in September, October and in December. In December, TTAC approved a recommendation that the Board use RSTP funds in place of STIP funds consistent with SBCAG's recommendation listed above.

**STAFF CONTACT:** Steve VanDenburgh, Deputy Director

**Attachment:** STIP Projects Recommended for RSTP Funding

## STIP PROJECTS RECOMMENDED FOR RSTP FUNDING

PROJECT	AGENCY	COMPONENT	CURRENT STIP AMOUNT	COMMENTS	AMOUNT FUNDED w/ RSTP
Hollister Ave., Fairview – Rte. 217	Goleta	Environmental	\$250,000	Delayed from 04/05 to 05/06 by 2004 STIP	\$250,000
San Jose Creek Bikeway	Goleta	Environmental	\$200,000	Env. to be funded by another source	N/A
Sidewalk Installation	City of Santa Barbara	Construction	\$200,000	Delayed from 04/05 to 05/06 by 2004 STIP	\$200,000
Local Street Rehab. (23 locations)	City of Santa Barbara	PS&E	\$232,000	Delayed from 04/05 to 05/06 by 2004 STIP	\$232,000
Local Street Rehab. (8 locations)	City of Santa Barbara	Construction	\$2,400,000	Delayed from 04/05 to 05/06 by 2004 STIP	\$1,544,000
Coast Route Bike Path Improvements	Carpinteria	Construction, PS&E	\$1,232,000	\$820,000 STIP+\$412,000 STIP TE (USE RSTP FOR PS&E)	\$230,000
				Subtotal	\$2,546,000
Evans Ave.\Ortega Hill Road Intersection	County	Construction	\$310,000	Programmed in 2004/05 in 2004 STIP	\$372,000
<b>TOTAL STIP\STIP TE</b>			<b>\$4,514,000</b>	<b>TOTAL RSTP REQUIRED</b>	<b>\$2,828,000</b>