



June 9, 2016

**Strategies to Address the State Transportation Improvement Program Reductions**

At their May 18-19 meeting, the California Transportation Commission (CTC) adopted a new State Transportation Improvement Program (STIP) that reflected a significant statewide reduction in funds. The negative impacts included a \$751 million reduction in programming capacity for regional agencies across the state. Although SACOG already decreased its STIP programming by \$11.5 million at its February Board meeting, the statewide reductions require even more cuts in programming. The four-county SACOG region must now delete an additional \$23.9 million of STIP funds programmed to projects.

While the STIP reduction is unfortunate, the CTC has guaranteed an equivalent amount of STIP funding over time. In the spring of 2018, when the CTC adopts the next STIP, staff understands that the region will likely have the opportunity to recover most, if not all, of the funds deleted in the newly revised STIP. In the meantime, however, there are a number of projects that face costly delays if an alternative funding solution is not secured.

**Project sponsors and projects impacted in FY 2016/17 or FY 2017/18 by the new reduced STIP:**

**Caltrans, Capital City Freeway**

\$12.4 million that was to be programmed in FY 2016/17 in the STIP

**Connector JPA, Capitol Southeast Connector**

\$3.8 million that was to be programmed in FY 2016/17 in the STIP

**City of Elk Grove, ITS Master Plan – Phase 4 Implementation**

\$2.3 million was moved from FY 2017/18 to FY 2019/20 in the new STIP

**City of Yuba City, Feather River Bridge at 5<sup>th</sup> Street**

\$17.4 million was moved from FY 2017/18 to FY 2019/20 in the new STIP

**County of Sacramento, Power Inn Road Improvement**

\$0.85 million total that was to be programmed partially in FY 2016/17 and the balance in FY 2017/18 in the new STIP. Additional \$3.14 million was to be programmed in FY 2020/21

In anticipation of the recent CTC action, SACOG staff has been working with the impacted local agencies to shape options for addressing the over-programming challenge. Projects that intended to deliver in Fiscal Year (FY) 2016/17 or FY 2017/18, but were delayed by the CTC, will likely need a solution outside of the STIP process. Based on Board input in recent months, staff has

focused on strategies that minimize project delivery delays to the impacted projects.

Five programming strategies have been identified to address the STIP reduction challenge:

1. **Reprogram federal funds as a replacement to offset the state funds unavailable during the two-year period.** In order to minimize this shift in the color of money, SACOG could provide just the funds needed to cover the cash flow for the projects. For example, Caltrans' Capital City Freeway project will not need the full \$12.4 million in year one of its Project Approval & Environmental Design (PA&ED) work that was to use STIP funding.

The ideal way to apply this approach is to identify equivalent programming "trades" with other projects. This would involve substituting STIP funds for projects currently programmed with federal funds that can use state funds and can wait to allocate until July 2018 or later. The STIP replacement projects would then be programmed by the CTC in the spring of 2018 through the adoption of the new STIP. Without equal programming "trades," the likely impact would be SACOG having less federal funding and more state funding available in the next flexible programming round.

2. **Encourage project sponsors to use AB 3090.** This is a state mechanism whereby a sponsor delivers their project using local dollars and then gets repaid by the STIP in a later year. This solution could work if a sponsor had sufficient local funding capacity to carry the cost of the project for several years. The downside to this solution is that the CTC might not pay the sponsor back until the final year of the STIP.
3. **Consolidate STIP projects.** SACOG could delete a project from the STIP and reprogram its dollars to existing STIP projects, freeing up alternative sources of funding so as to deliver the deleted project without STIP funds.
4. **Swap the programming years of STIP projects.** Some projects in the STIP could give up their "spot in line" (programmed year) to another project that has a more pressing schedule.
5. **Deprogram projects that are not timely in delivery.** The December 2015 Board action approving the latest flexible funds programming round included a commitment from staff to develop tougher "use it or lose it" project delivery policies for Board consideration in 2016.

The Transportation Committee was briefed on the five strategies in their June meeting. Support was expressed for SACOG staff to use these strategies in the collaborations ahead with project sponsor staff and in developing staff recommendations for later Board action.

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