

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 2660	Department Transportation	Priority No.
Budget Request Name 2660-408-BCP-BR-2016-MR		Program 1835 - Capital Outlay	Subprogram 1835019

Budget Request Description  
 Fixing America's Surface Transportation (FAST) Act Federal Grants

Budget Request Summary

California Department of Transportation (Caltrans) is requesting to add provisional language to the Budget Act of 2016, Items 2660-302-0042 and 2660-302-0890 and amend existing law to allow the California Transportation Commission to allocate new federal funds associated with the Nationally Significant Freight and Highway Projects Program (NSFHP). This includes both formula funds received by the State as well as the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) grant projects.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed 2660-302	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR                      Project No.                      Date:		

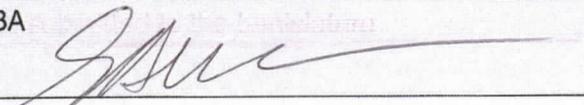
If proposal affects another department, does other department concur with proposal?  Yes  No  
*Attach comments of affected department, signed and dated by the department director or designee.*

Prepared By ATHENA GLIDDON	Date 04/15/2016	Reviewed By STEVEN KECK	Date 04/15/2016
Department Director MALCOLM DOUGHERTY	Date 04/15/2016	Agency Secretary BRIAN P. KELLY	Date 04/15/2016

**Department of Finance Use Only**

Additional Review:  Capital Outlay  ITCU  FSCU  OSAE  CALSTARS  Dept. of Technology

BCP Type:  Policy  Workload Budget per Government Code 13308.05

PPBA 	Date submitted to the Legislature MAY 13 2016
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**A. Budget Request Summary**

Caltrans is requesting to add provisional language to the Budget Act of 2016, Items 2660-302-0042 and 2660-302-0890 and add Section 2193 to the Streets and Highway Code to allow the California Transportation Commission (CTC) to allocate new federal funds associated with the Nationally Significant Freight and Highway Projects Program (NSFHP). This includes Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) grant projects as well as formula funds received by the State.

Attached is a list of ready to go projects that were submitted to the Federal Highway Administration (FHWA) for consideration of FASTLANE grant funding. Although this is not a comprehensive list it provides examples of the projects that would use formula funds received by the State.

**B. Background/History**

**FAST Act**

On December 4, 2015, President Obama signed into law the FAST Act. The FAST Act authorizes \$19.4 billion over fiscal years 2016 through 2020 for the state's highways. In addition to reforming existing federal transportation programs, it also establishes new programs to advance critical freight projects.

The NSFHP program provides financial assistance of approximately \$900 million per year in the form of competitive grants known as FASTLANE grants to nationally and regionally significant freight and highway projects. The FASTLANE grants may be applied to cover up to 60 percent of the project costs for qualifying NSFHP projects and an additional 20 percent may come from other federal sources. The remaining project costs must come from non-federal sources such as state funds, local funds, and private funds.

In addition, California will receive \$582 million over the next five years in formula funding for NSFHP eligible projects. Eligible projects are on FHWA designated Primary Highway Freight System, Critical Rural Freight Corridors, and Critical Urban Freight Corridors.

**Trade Corridor Improvement**

The Trade Corridor Improvement Program was allocated as part of Proposition 1B, Statutes of 2006. This created a new program which set aside funding for "Trade Corridors of National Significance," highway, freight rail, port and truck corridor, and border access improvements.

The CTC was tasked with allocating the funds in such a way as to address the most urgent needs while balancing the demands of the various ports and proving reasonable geographic balance between the regions while placing emphasis on projects that improve mobility and decrease emissions.

The CTC drafted guidelines commensurate with statute and supported a corridor-based programming approach which recognized and complemented the goods movement planning already done within the major trade corridors. To promote the corridor-based approach, the CTC developed geographic programming ranges as well as ensuring target minimums were met in accordance with Government Code, Article 2.5, Stats. 2008, Ch. 750, Sec. 1.

**Continuing the Trade Corridor Improvement Program**

This Finance Letter proposes to continue the work of the Trade Corridor Improvement Program by adding provisional language that allows the CTC to allocate formula freight funding made available for corridor-based projects identified in CTC adopted guidelines. Fifty percent of corridor-based programming targets will be selected by local agencies with the balance made available for trade corridor projects nominated by the Caltrans in order to make strategic investments of statewide significance.

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Directing these formula funds to the Trade Corridor Improvement Program would ensure that funds are targeted to the most critical freight projects.

**FAST LANE Grants**

This Finance Letter proposes to add provisional language to allow the CTC to allocate federal and state capital funds to match grant funds as necessary in order to take advantage of any FASTLANE grants awarded to the State of California for Caltrans nominated projects. Permitting the allocation of up to \$120 million in combined state and federal funds to act as a match to FAST LANE grant proposals maximizes flexibility and allows the State to compete for up to \$180 million in additional federal funds. This represents 20 percent of the annual FAST LANE grant monies planned to be awarded to the states.

**C. Justification**

This Finance Letter seeks to extend a very successful existing program that targets funds to the most critical freight projects and to ensure that, in the event that FHWA awards one or more competitive grants, Caltrans can appropriately fund those projects. The requested flexibility allows the CTC to allocate funds to projects and maximize the use of federal funds.

By designating 50 percent of formula freight funds toward corridor-based programming targets nominated by local agencies, California strengthens some of the most critical freight targets in a holistic approach while simultaneously allowing for flexibility to the State for funding other strategic freight projects.

**D. Outcomes and Accountability**

Provisional language will direct funding to the Trade Corridor Improvement Program projects and allow Caltrans to provide the additional federal and non-federal match to any state-sponsored project receiving a FASTLANE grant.

The CTC is responsible for adopting the program of projects, approving the allocation of funds and ensuring that projects achieve measurable improvements in targeted metrics outlined in the Trade Corridor Improvement Fund Guidelines as adopted November 7, 2007, and amended in future programming cycles. In addition, FHWA will be reviewing the State's progress toward meeting the 150 performance targets outlined in federal law.

**E. Analysis of All Feasible Alternatives**

**Alternative one:** Add provisional language to the Budget Act of 2016 and amend existing law, allowing CTC to allocate matching funds for federal grant monies received and direct formula funds on a fifty-fifty split between corridor-based projects and strategic freight projects. This maximizes flexibility in the use of federal funds.

**Alternative two:** Add provisional language to the Budget Act of 2016, allowing CTC to allocate matching funds for federal grant monies received only. While this alternative ensures that the State can move forward with successful grant awards, it does not allow for targeted decisions regarding the use of NSFHP formula funds. Absent any law to the contrary, formula funds would be directed to any State Transportation Improvement Program (STIP) or SHOPP projects that are NSFHP eligible and add to SHOPP capacity.

**Alternative three:** Add provisional language to the Budget Act of 2016, allowing the CTC to allocate NSFHP formula funds on a fifty-fifty basis split between corridor-based projects selected by local agencies and State selected strategic freight projects, but do not allow provisional language for federal and state funds to match FAST LANE grant monies. This alternative allows for targeted decision making in regard to formula funds, but does not ensure that the State can make use of any grant monies awarded to Caltrans. Unless, STIP, SHOPP, Local or Bond funds can be identified, Caltrans does not have the ability to provide matching dollars, nor does CTC have the ability to allocate any unprogrammed authority.

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**Alternative four:** Do nothing. This prohibits CTC from using state funds to match FASTLANE grants. Without a state match, Caltrans may have difficulty applying for FASTLANE grants. Formula funds would be directed to any STIP or SHOPP projects that are NSFHP eligible and add to SHOPP capacity.

**F. Implementation Plan**

July 1, 2016, matching funds will be available for matching federal grant monies received.

Folding formula funds into the existing Trade Corridor Improvement Program structure will necessitate a number of actions on the part of CTC, Caltrans and local agencies. Updated guidelines, and fund estimate will be necessary before the submission and selection of projects can occur. It is expected that pre-programming actions will take up to ten months, making projects ready for allocation late in the 2016-17 fiscal year.

**G. Recommendation**

The Department recommends the approval of alternative one to add provisional language to the Budget Act of 2016 and add Section 2193 to the Streets and Highways Code in an effort to maximize the use of federal funds made available by FASTLANE grants and provide a funding split for NSFHP formula funds.

The proposed budget bill language will be as follows:

Item 2660-302-0042

Provisions:

4. Notwithstanding any other provision of law, the California Transportation Commission (CTC) may allocate up to \$60 million from this item to provide the required non-federal match to any state-sponsored project receiving a federal grant under the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) grants program authorized by the Federal Fixing America's Surface Transportation Act (FAST Act).

Item 2660-302-0890

Provisions:

6. Notwithstanding any other provision of law, the California Transportation Commission (CTC) may allocate up to \$60 million from this item to provide the required match to any state-sponsored project receiving a federal grant under the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) grants program authorized by the Federal Fixing America's Surface Transportation Act (FAST Act).

7. Notwithstanding any other provision of law, the California Transportation Commission (CTC) will allocate Nationally Significant Freight Highway Program formula funds to corridor-based projects elected by local agencies and the State.

The proposed trailer bill language to add section 2193 to the Streets and Highways Code should be as follows:

**SEC. 1.** Section 2193 "National Highway Freight Program" is added to the Streets and Highways Code, Chapter 4.8, to read:

(a) Revenues apportioned by formula to the state under Section 167 of Title 23 of the United States Code from the National Highway Freight Program, pursuant to the federal Fixing America's Surface Transportation Act ("FAST Act"; Public Law 114-94) shall be available upon appropriation for allocation by the California Transportation Commission for infrastructure improvements in this state on federally designated Trade Corridors of National and Regional Significance, on the Primary Freight Network, and along other corridors that have a high volume of freight movement, as determined by the commission. In determining the projects eligible for funding, the commission shall consult the Transportation Agency's state freight plan as described in Section 13978.8 of the Government Code, the State Air Resources Board's Sustainable Freight Strategy adopted by Resolution 14-2, and the Sustainable

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Freight Action Plan developed by the Secretary of the California State Transportation Agency, the Secretary of the California Environmental Protection Agency, the Secretary of the Natural Resources Agency and other relevant state departments including the California Air Resources Board, the California Department of Transportation, the California Energy Commission, and the Governor's Office of Business and Economic Development, pursuant to Executive Order B-32-15. The commission shall also consult trade infrastructure and goods movement plans adopted by regional transportation planning agencies, adopted regional transportation plans required by state and federal law, and the statewide port master plan prepared by the California Marine and Intermodal Transportation System Advisory Council (Cal-MITSAC) pursuant to Section 1730 of the Harbors and Navigation Code, when determining eligible projects for funding. Eligible projects for these funds include, but are not limited to, all of the following:

- (1) Highway capacity improvements and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's land ports of entry and seaports, including navigable inland waterways used to transport freight between seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.
- (2) Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers throughout California, including projects that separate rail lines from highway or local road traffic, improve freight rail mobility through mountainous regions, relocate rail switching yards, and other projects that improve the efficiency and capacity of the rail freight system.
- (3) Projects to enhance the capacity and efficiency of ports.
- (4) Truck corridor improvements, including dedicated truck facilities or truck toll facilities.
- (5) Border access improvements that enhance goods movement between California and Mexico and that maximize the state's ability to access coordinated border infrastructure funds made available to the state by federal law.
- (6) Surface transportation and connector road improvements to effectively facilitate the movement of goods, particularly for ingress and egress to and from the state's land ports of entry, airports, and seaports, to relieve traffic congestion along major trade or goods movement corridors.

(b)(1) In determining the allocation of FAST Act funds for trade infrastructure improvements, the commission shall evaluate the total potential costs and total potential economic and noneconomic benefits of the program to California's economy, environment, and public health. The commission shall consult with the State Air Resources Board in order to utilize the appropriate models, techniques, and methods to develop the evaluation parameters. The commission shall allocate FAST Act funds in a manner that (A) addresses the state's most urgent needs, (B) balances the demands of various land ports of entry, seaports, and airports, (C) provides reasonable geographic balance between the state's regions, (D) places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions, and (E) that support meeting the state's greenhouse gas reduction goals.

- (2) In addition, the commission shall also consider the following factors when allocating these funds:
- (A) "Velocity," which means the speed by which large cargo would travel from the land port of entry or seaport through the distribution system.
  - (B) "Throughput," which means the volume of cargo that would move from the land port of entry or seaport through the distribution system.
  - (C) "Reliability," which means a reasonably consistent and predictable amount of time for cargo to travel from one point to another on any given day or at any given time in California.
  - (D) "Congestion reduction," which means the reduction in recurrent daily hours of delay to be achieved.

(c) The commission shall allocate these funds based on the following formula:

- (1) Fifty percent for projects proposed by local agencies.
  - (A) The commission shall ensure projects are consistent with guidelines and adopt a program based on the projects submitted.
  - (B) For projects proposed by local agencies, the commission shall consider the allocation level set in subdivision (b) of section 8879.52 of Government Code to inform the reasonable geographic balance between the state's regions.
- (2) Fifty percent for projects proposed by the department.

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(A) The commission shall ensure projects are consistent with guidelines and adopt a program based on the projects submitted.

(B) The department may identify supplemental funding from state, local, federal or private sources for projects proposed pursuant to this paragraph, however section 2192.2 requirements do not apply to projects proposed pursuant to this paragraph.

(d) Within six months of the chaptering of the act that adds this section, the commission shall develop guidelines for expenditures pursuant to this section, modeled after the Trade Corridor Improvement Fund program authorized in Section 2192. These guidelines shall conform to policy direction from the Sustainable Freight Action Plan developed pursuant to Executive Order 32-15 and any other updates that the commission deems appropriate.

## 2016 FASTLANE PROGRAM PROJECT SUBMITTALS

Sponsor / Application Lead	Project	Total Cost (\$1,000)	Grant Request (\$1,000)	Local Match (\$1,000)	Support Letter Requested
California Department of Transportation (Caltrans)	I-80 / I-680 / SR 12 Interchange Project (District 4)	\$207,000	\$124,000	\$83,000	NA
California Department of Transportation (Caltrans)	Rosecrans / Marquardt Ave Grade Separation Project (District 7)	\$130,000	\$30,000	\$100,000	NA
California Department of Transportation (Caltrans)	SR 11 Enrico Fermin to Otay Mesa East Point of Entry Improvements Project (District 11)	\$177,200	\$55,000	\$122,200	NA
Shasta Regional Transportation Agency (SRTA)	I-5 Redding to Anderson Widening and UPRR Overhead Project (District 2)	\$77,000	\$46,200	\$30,000	Sent
Placer County Transportation Planning Agency (PCTPA)	Rebuild I-80 / SR 65 Interchange to Widen Northbound SR 65 from 2 to 3 lanes Project (District 3)	\$38,000	\$6,000	\$32,000	Sent
Alameda County Transportation Commission (Alameda CTC)	Global Operations at the Port of Oakland / 7 <sup>th</sup> Street Grade Separation Project (District 4)	\$235,000	\$140,000	\$95,000	In progress
Sonoma County Transportation Authority (SCTA)	US 101 Marin-Sonoma Narrows, Extend HOV Lane from Gunn Drive to north of Corona Road Project (District 4)	\$122,000	\$73,000	\$49,000	Sent
City/County Association of Governments of San Mateo County (C/CAG)	US 101 / Willow Road Interchange Improvements Project (District 4)	\$79,800	\$10,400	\$69,400	In progress
Tulare County Association of Governments (TCAG)	SR 99 Tagus 6-Lane Widening Project (District 6)	\$86,000	\$51,600	\$34,400	Sent
Madera County Transportation Commission (MCTC)	Madera SR 99 4 to 6 Lanes Widening Project (District 6)	\$67,240	\$36,440	\$30,800	Sent
Fresno Council of Governments (Fresno COG)	SR 180 4-Lane Expressway Project (District 6)	\$56,200	\$32,760	\$23,440	Sent
City of Bakersfield	Centennial Corridor SR 58/99 Freight Corridor Improvements Project (District 6)	\$286,500	\$120,000	\$166,500	Sent

Sponsor / Application Lead	Project	Total Cost (\$1,000)	Grant Request (\$1,000)	Local Match (\$1,000)	Support Letter Requested
Los Angeles County Metropolitan Transportation Authority (Metro)	I-110 / I-405 Interchange and Widening Project (District 7)	\$37,000	\$15,000	\$22,000	Sent
Los Angeles County Metropolitan Transportation Authority (Metro)	SR 71 Expressway to Freeway Conversion Project (District 7)	\$175,000	\$40,000	\$135,000	Sent
Los Angeles County Metropolitan Transportation Authority / Gateway Cities Council of Governments (Metro / GCCOG)	Freight Advanced Traveler Information System (FRATIS) Demonstration Project (District 7)	\$23,000	\$13,800	\$9,200	Sent
Port of Long Beach (POLB)	Green Port Gateway Phase 2: Terminal Island Wye Rail Improvements Project (District 7)	\$23,000	\$18,400	\$4,600	Sent
Port of Long Beach (POLB)	Middle Harbor Terminal Redevelopment Project (District 7)	\$110,000	\$50,000	\$60,000	In progress
City of Industry	SR 57 / SR 60 (at the Grand Avenue) Confluence Project (District 7)	\$202,000	\$30,000	\$172,000	Sent
City of Rialto, San Bernardino County, San Bernardino Council of Governments (SANBAG)	I-10 Freight Interchange and Riverside/Corridor Project (District 8)	\$72,000	\$29,520	\$42,480	Sent
City of Moreno Valley	SR 60 Inland SoCal Freight Corridor Project (District 8)	\$186,870	\$96,468	\$90,402	Sent
Imperial County Transportation Commission (ICTC)	Calexico East Port of Entry Project (District 11)	\$64,700	\$30,000	\$34,700	Sent
Orange County Transportation Authority (OCTA)	I-405 Improvement Project (District 12)	\$1,700,000	\$32,000	\$1,254,000*	Cover letter signed

\*Measure M2 funds (\$1,254B) - The remaining balance of \$414M will be funded through Toll Bonds (or TIFIA, if granted), SHOPP and other Federal Funds (RSTP, IMD, etc.)