

**TO:** Regional Transportation Commission

**FROM:** Rachel Moriconi, Senior Transportation Planner

**RE:** Proposed Regional Surface Transportation Program Exchange (RSTPX) Program  
Advance Project Delivery Policy

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## **RECOMMENDATION**

The Budget and Administration Committee, Interagency Technical Advisory Committee (ITAC) and staff recommend that the Regional Transportation Commission (RTC):

1. Adopt a resolution ([Attachment 1](#)) amending the RTC Rules and Regulations to allow advance project delivery of Regional Surface Transportation Program Exchange (RSTPX) projects.
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## **BACKGROUND**

Each year, typically after approval of the Federal Appropriations bill for a given federal fiscal year, Caltrans provides State Highway Account funds to “rural” regions to exchange for our share of federal Regional Surface Transportation Program (RSTP) funds. These state funds have fewer restrictions on their use and therefore are a very flexible source of funds for local projects. Projects that have already been programmed for RSTP funds are eligible to request an exchange of these federal funds for the more flexible state funds. Upon receipt of requests from local project sponsors, the RTC allocates the funds, giving priority to projects that can be implemented within the next twelve months.

Earlier this year project sponsors asked to trade RSTP for RSTPX funds for nine projects. There were adequate funds available to accommodate all of these requests and the RTC exchanged the federal RSTP funds for state RSTPX funds for these projects at its May 5, 2005 meeting. Though the RTC was able to accommodate all of the requests for exchange funds this year, in years past this has not always been the case and some project sponsors had to wait over a year before proceeding with their projects.

## **DISCUSSION**

Almost all project sponsors will ask to exchange their federal RSTP funds for state RSTPX funds as new funds become available and/or projects are ready for delivery. Consistent with current state policies, over time there will be sufficient RSTPX funds to cover all of the RSTP funds the RTC has programmed to various projects (currently programmed through FY08/09). However, because the RTC only receives one year’s worth of RSTPX funds at a time, yet programs RSTP funds several years into the future, in some instances, projects programmed to receive RSTP funds are ready for construction before the RTC has sufficient RSTPX funds to release to those projects.

In response to inquiries from project sponsors, staff drafted (in consultation with the Interagency Technical Advisory Committee and Caltrans) a policy that would enable project sponsors to deliver their projects as quickly as possible, even in advance of the RTC distributing (allocating) RSTPX to the project ([Exhibit A](#)), by using their own local funds. This policy is modeled after advance project delivery policies used by Caltrans for other funding sources.

If a policy to allow advance delivery of RSTP projects is approved by the RTC, project sponsors would:

1. Learn any potential risks of proceeding early from RTC staff;
2. Certify that they understand the responsibilities and risks of advance delivery;
3. Receive RTC approval to advance their project;
4. Use their own funds to advance the project;
5. Follow all the rules that apply to RSTPX-funded projects; and
6. Receive RSTPX funds from RTC once sufficient funds become available.

Project sponsors who choose to take advantage of this proposed policy and implement their RSTP projects in advance of approval for RSTPX funds are assuming some level of risk. Notably, under very unique circumstances, Caltrans could discontinue the RSTPX program or the RTC might elect not to exchange funds for a given project. Though there is no historical evidence to suggest that this would happen, if it did, a project sponsor may be forced to use the federal RSTP funding on their project. Under this scenario the project sponsor would have to back track to ensure that federal regulations are followed and may not be reimbursed for funds already used on the project. This could also result in increased costs and delays for the project. If a project has already been completed it may be too late to receive any reimbursement. Due to these potential risks, project sponsors will be required to discuss with RTC staff the likelihood of state RSTPX funds becoming available for their project before proceeding. If project sponsors are not able to obtain reimbursement for a project, the policy would allow project sponsors to request to substitute an alternate project.

Additionally, Commission approval for a project sponsor to advance their project (step #3 above) does not constitute a commitment by the RTC to allocate RSTPX funds to that project above all other projects in the future. Making such a commitment would unfairly disadvantage agencies that are unable to advance their projects using local funds.

The ITAC reviewed and discussed this proposal at its May 19 and August 4, 2005 meetings. **The Budget and Administration Committee, Interagency Technical Advisory Committee (ITAC) and staff recommend that the RTC amend its Rules and Regulations to include the proposed RSTPX Advance Project Delivery policy (Exhibit A).** County Counsel also has reviewed this proposal. This policy is supplemental to the current RSTPX policy, which will not change (Attachment 2).

## SUMMARY

Annually, the RTC allows sponsors of projects programmed to receive RSTP funds to trade their federal RSTP funds for state RSTPX funds. In some years there is not sufficient cash available to exchange funds for all projects that are ready to go to construction. The Budget and Administration Committee, ITAC and staff recommend that the RTC amend its Rules and Regulations to include the proposed amendment to the RSTPX policy (Exhibit A). This would allow project sponsors to proceed with projects in advance of an RSTPX allocation using their own local funds, and thereby deliver projects sooner. The RTC would reimburse sponsors once sufficient RSTPX funds become available.

Attachment 1: Resolution

Exhibit A: Proposed Amendment to the Rules and Regulations

Attachment 2: Existing RSTPX Policy (will not change)