A REPORT ON THE PLANNING, OPERATION AND FUNDING OF CALIFORNIA'S HIGHWAY SYSTEM

March 1988

STATE OF CALIFORNIA

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March 22, 1988

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The Honorable Kenneth L. Maddy
Senate Minority Floor Leader

The Honorable Willie L. Brown, Jr.
Speaker of the Assembly

The Honorable Patrick Nolan
Assembly Minority Floor Leader

Dear Governor and Members of the Legislature:

The Commission on California State Government Organization and Economy, also known as the Little Hoover Commission, has completed a review of the planning, operation and funding of California's Highway System. The Commission undertook this study because it is concerned that California is on the verge of a transportation crisis that could have major economic consequences for the State.

Although California is spending $2.7 billion per year to develop and maintain its transportation system, the State's transportation needs are increasing dramatically. At the same time, our resources available for transportation development are being eroded by inflation, project delivery delays, and project cost increases. During our study, the Commission received testimony that the shortfall in highway revenues will be an estimated $800 million to $1.8 billion per year between now and the year 2000.

While funding is a critical factor, our current transportation crisis is not due just to the lack of funding. It is the result of years of inadequate planning, unnecessary bureaucracy, and missed opportunities to accelerate highway development. These problems are primarily due to Caltrans' inability to contract out project development work, the State's duplicative and overly burdensome environmental review processes, and the State's overcommitment of existing resources on highway projects. As a result, 25 percent of the State-funded highway projects and 60 percent of the locally-funded projects are currently behind schedule. This includes highway projects that are being funded solely by local governments and private developers.

(This letterhead not printed at taxpayer's expense)

The Commission's study demonstrated that we can't build ourselves out of the current crisis. Instead, the State must begin to aggressively pursue immediate options to reduce traffic congestion, options which it has been slow to embrace. Specifically, these options include: the use of traffic management systems, such as those utilized during the 1984 Olympic Games in Los Angeles; traffic control ordinances, like the ordinance used in the City of Pleasanton; and "Smart Street" programs, which utilize automated traffic surveillance and control systems. In addition, the State needs to consider assigning higher priority to low-cost anti-congestion projects, such as auxiliary lanes and ramp meters.

The Commission's study indicated that between 1985 and the year 2000, the number of licensed drivers in California is predicted to increase from 17.45 million to 22.10 million, an increase of 26.6 percent. Similarly, the number of vehicle miles travelled per year is projected to rise from 207.6 million miles to 271 million miles, an increase of 30.5 percent. California must change the way it has been managing transportation growth and development if the State hopes to meet the challenge of its increasing transportation needs.

The Commission's report presents eight findings regarding the planning, operation and funding of the California Highway System. These include:

- The State is not aggressively pursuing immediate options to reduce traffic congestion;
- Caltrans has an inadequate long-term planning process;
- Highway project development and approvals are unnecessarily delayed due to procedural problems in the planning process;
- Caltrans has insufficient staffing available to deliver the transportation program in a timely manner;
- The environmental process is cumbersome and results in project delays and increased project delivery costs;
- State funding available for transportation is inadequate;
- Current funding allocation requirements hinder the effective allocation of State highway funds; and
- The State has not developed a position for long-term federal funding after the completion of the interstate program.

To address these problems, the Commission recommends that certain short-term and long-term actions be taken, including:

Short-Term Recommendations

1. Require counties and/or regions to adopt a Transportation Systems Management Plan prior to allocation of State funds.

2. Give high priority for funding to programs or projects that provide for the efficient use of existing freeways.

3. Permit the Department of Transportation to contract with private engineering firms for project development activities.

4. Encourage cities and counties to contract with private engineering firms to perform project development activities.

Long-Term Recommendations

5. Establish a Blue Ribbon Ad Hoc Commission on transportation.

6. Restructure county minimums based on interstate eligibility.

7. Modify county minimum allocations to exclude expenditures necessary for safety and support costs.

8. Expand the criteria for projects eligible for statutory exemptions from the environmental clearance.

9. Exempt highway projects that expand the capacity of existing highways without acquisition of new right of way from the environmental process.

10. Seek federal demonstration projects to delegate authority for review and approval of National Environmental Policy Act to the State.

11. Direct Caltrans to undertake a study to streamline the environmental process

12. Develop and implement a long-range planning process.

13. Modify the timing of the State Transportation Improvement Program to allow for better coordination with the budget process.

14. Address the long-term State funding shortfall.

15. Empower the Commission on State Finance with authority to review and approve inflation rates.

16. Adopt a Joint Resolution stating California's preferred federal program.

The Commission believes that the implementation of these recommendations will help resolve California's transportation problems and meet the State's growing transportation needs. In turn, this will help to ensure California's continued economic prosperity.

Respectfully,

MARY ANNE CHALKER, Chair
Department of Transportation
Study Subcommittee

Abraham Spiegel
Richard Terzian

NATHAN SHAPELL, Chairman
Haig Mardikian, Vice Chairman
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Albert Gersten
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* Indicates Commissioners dissenting on the report. Dissent letter attached at the back of the report.

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EXECUTIVE SUMMARY

The State Department of Transportation (Caltrans) spends more than $2.7 billion annually to develop and maintain California's highway system. Caltrans has the full responsibility of managing the State's approximately 16,000 miles of highway and providing funding for the various alternative modes of transportation. To do this, Caltrans has a staff of more than 15,000 employees at its headquarters in Sacramento and in its 12 district offices throughout the State.

In recent years, it has become clear that the State's transportation systm is not keeping pace with the increased transportation needs of California drivers. As a result, the State's transportation system is bursting at the seams in many urban and rapidly developing suburban areas. Work day commutes of an hour to two hours are becoming the norm in some major metropolitan areas. The lost productivity and frustration of workers caught in urban gridlock is indicative of the disabling effects that our inadequate highway system is having in some areas.

Due to the increased demands for State highway expansion and existing roadway maintenance, combined with the lack of revenue and the considerable time needed to construct transportation improvements, California will be unable to build itself out of its current transportation problems in the near future. Even if it was technologically feasible to construct the roads in the needed time frame, there just isn't enough money. Current estimates of the shortfall in highway revenues range from $800 million to $1.8 billion per year from now until the year 2000.

The Commission found that the State is not aggressively pursuing immediate options to reduce traffic congestion. Specifically, transportation management systems and low-cost operational improvements have not been fully considered for use on a Statewide basis. These techniques include: implementing traffic management efforts, such as those utilized during the 1984 Olympic Games in Los Angeles; traffic control ordinances, like those used in the City of Pleasanton; "SMART Street" programs, which utilize automated traffic surveillance and control systems; and, low-cost anti-congestion projects, such as auxiliary lanes and ramp meters. Without the aggressive implementation of these strategies, congestion in numerous urban and metropolitan areas will continue to impede further economic growth in California.

The Commission's study revealed that Caltrans does not have an adequate plan to determine how the State will address its long-term transportation needs. Between 1985 and the year 2000, the number of licensed drivers in California is predicted to increase from 17.45 million to 22.10 million, an increase of 26.6 percent. Similarly, the number of vehicle miles travelled per year is projected to rise from 207.6 million miles to 271 million miles, an increase of 30.5 percent. While Caltrans does conduct some long-term planning, the bulk of its resources are focused on short-range and year-to-year plans. The lack of long-term planning may lead to additional transportation problems in the future because resources may not be expended prudently and right of way that should be preserved for highway projects will be used for other purposes. As a result, future transportation improvements may be more expensive and more difficult to build.

The Commission also determined that highway project development and approvals are unnecessarily delayed due to procedural problems in the planning process used to prepare the State Transportation Improvement Program. Specifically, the Commission found that the process understates cost estimates. As a result, the State Transportation Improvement Program overcommits the funding available for highway projects and establishes unrealistic project schedules. This causes additional project delays and increases project costs.

The study showed that Caltrans currently has insufficient staffing available to deliver the State's transportation program on time. Recent cyclical changes in State and federal funding have made it difficult for the department to maintain project development staffing levels to match funding levels. As a result, 25 percent of the State funded highway projects and 60 percent of the locally funded highway projects have been delayed. This includes proposed highway projects that are being funded solely by local governments and private developers. During the course of the Commission's study, the Governor and the Legislature have taken some actions to address this problem. On February 10, 1988, the Governor signed SB 516 (Bergeson), Chapter 9, Statutes of 1988. This measure established a process for Caltrans to determine when it is necessary to contract with private firms for project development activities. In addition, the Governor's proposed budget for fiscal year 1988-89 contains an additional 1,156 personnel years for Caltrans, including 304 personnel years dedicated to project development.

The Commission study also revealed that the environmental process which the State uses is cumbersome and results in project delays and increased project delivery costs. Both the State of California and the federal government have laws that require identification and consideration of environmental impact before construction of transportation projects can begin. Although only one document is produced to satisfy both State and federal requirements, the review and approval are performed consecutively rather than concurrently. This results in a four- to six-month delay in construction of highway projects.

In addition, the Commission believes that Caltrans tends to be overly optimistic about how quickly the environmental review process can be completed. This frequently results in projects being delayed beyond the original delivery date and translates into increased costs due to inflation. Furthermore, the criteria for exempting projects from the environmental review process is too restrictive and does not allow for the exemption of environmentally beneficial projects, such as high occupancy vehicle lanes on existing congested freeways. As a result, the State performs unnecessary environmental assessments which cause project delays and utilize limited personnel resources that could be used on more important projects. This also adds additional costs to the environmental requirement which currently costs an estimated $50 million to $100 million annually in California.

The Commission's study determined that State funding available for transportation is inadequate. Moreover, the funding available for transportation over the last 20 years has not kept pace with inflation. For example, since 1965 the State's gasoline tax has increased from seven

to nine cents per gallon, an increase of 30 percent. However, between 1965 and 1987, the consumer price index increased 225 percent. In constant dollars, the average motorist paid 1.8 cents per mile in 1965 and was only paying .6 cents per mile in State gasoline tax in 1987. Without additional long-term funding to construct needed highway improvements, the Commission believes that the State's highway system will be further impaired and the State's economic prosperity will be jeopardized.

The study also showed that current funding allocation requirements hinder the effective use of present funding. Due to the federal funding constraints and other funding considerations, funding allocation formulas, such as county minimum funding requirements, result in an inequitable distribution of highway funding. Moreover, the funding allocation requirements inappropriately skew funding distribution and divert funds from the State's highest priority projects.

Finally, the Commission determined that the State has not developed a position for long-term federal funding after the completion of the federal government's interstate program in 1992. Without advocating a uniform alternative favorable to California, the State may continue to receive less than its "fair share" of the federal gasoline tax revenues it generates once the federal interstate program ends. Currently, California is apportioned only 85 cents out of each dollar in federal gasoline tax that it pays.

The Commission's report presents 16 recommendations to improve the planning, operation and funding of California's highway system. These recommendations include short-term and long-term actions to address the State's transportation problems.

Short-Term Recommendations

1. The Governor and the Legislature should aggressively pursue options to reduce congestion in urban areas. Urban and suburban areas should be required to implement transportation systems management plans prior to the receipt of State funding.

2. The Governor and the Legislature should ensure that programs which provide for the efficient use of existing freeways and arterials, such as the "SMART Street" program and low-cost operational improvements, be assigned high funding priority.

3. The Governor and the Legislature should permit the Department of Transportation to contract out for project development activities as needed. [Note: The Governor signed SB 516 (Bergeson), Chapter 9, Statutes of 1988, on February 10, 1988.]

4. Caltrans should continue to encourage cities and counties to contract out project development activities to qualified private engineering firms whenever necessary.

Long-Term Recommendations

5. The Governor and the Legislature should establish a Blue Ribbon Ad Hoc Commission on Transportation. The Commission should examine the long-term needs of the State transportation system and should develop a strategic plan for the State transportation system. [Note: The Governor signed Executive Order D-69-88, on February 10, 1988 that established an interagency task force to address delays in highway project delivery.]

6. The Governor and the Legislature should restructure the county minimum formula based on interstate eligibility.

7. The Governor and the Legislature should modify the county minimum allocation to exclude expenditures for safety and support.

8. The Governor and the Legislature should expand the criteria for projects eligible for statutory exemption from the environmental clearance process. Projects which do not individually or cummulatively have a significant impact on the environment should be eligible for statutory exemption.

9. The Governor and the Legislature should exempt highway projects that expand the capacity of existing highways from the environmental clearance process.

10. The Governor and the Legislature should seek a federal demonstration project that would delegate authority for review and approval of the National Environmental Policy Act documents to the State.

11. The Governor and the Legislature should direct Caltrans to undertake a study to further streamline the environmental clearance process, both internally and externally.

12. The Department of Transportation should develop and implement a long-range planning process that will allow the State in cooperation with local and regional agencies to project future transportation needs.

13. The Governor and the Legislature should modify the State Transportation Improvement Program process to allow for better coordination with the budget process.

14. The Governor and the Legislature should address the long-term state funding shortfall to prevent further deterioration of the State Highway System and relieve traffic congestion.

15. The Governor and the Legislature should empower the Commission on State Finance to review and approve the inflation rates for development of the State Transportation Improvement Program.

16. The Legislature should adopt a Joint Resolution stating California's preferred federal program after completion of the federal government's interstate program in 1992.

I. INTRODUCTION

California is approaching a transportation crisis. The State's transportation system is bursting at the seams in many urban and rapidly developing suburban areas. The impacts of this crisis are emerging throughout the State. Work day commutes of an hour to two hours are becoming the rule in major metropolitan areas, rather than the exception. The lost productivity and frustration of workers caught in urban gridlock are illustrative of how disabling the situation on our highways is becoming in some areas.

Although the State Department of Transportation (Caltrans) spends more than $2.7 billion[1] annually to develop and maintain highways, it has become clear that the State's transportation system is not keeping pace with the increased transportation needs of California drivers.

Presently, the State is confronted with a serious dilemma in trying to address its transportation problems. On the one hand, it must decide what to do in the short-term to relieve the existing traffic congestion that is crippling certain areas of the State. On the other hand, it must take action to plan for the projects that will satisfy California's long-term highway system needs. Each of these problems are significant enough to require major commitments of funding and resources. Unfortunately, these competing problems are straining the limited resources that the State has available to solve either problem adequately.

The Little Hoover Commission undertook a study of problems in the State's transportation system because it recognizes that California's transportation infrastructure is the economic life support system for the entire State. If the State fails to remedy its intolerable traffic congestion problems and improve its highway system, California's economy will suffer dramatically in the coming years.

BACKGROUND

Caltrans was created by the Legislature in 1972. Caltrans was vested with the full responsibility of managing the State's 16,000 miles of highway and providing funding for the various alternative modes of transportation.[2] Caltrans, has more than 15,000 employees and is headquartered in Sacramento.[3] It also maintains 12 district offices throughout the State.

Caltrans devotes the bulk of its resources, both in terms of dollars and personnel, to building and maintaining California's massive highway system.

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[1] Governor's Budget 1988-1989, Business, Transportation and Housing Agency Section, page 67.

[2] "Building on the Past to Provide for the Future," Caltrans, 1986, page 2.

[3] Ibid., page 7.

Over 90 percent of all transportation dollars are spent on highway construction and maintenance.[4] However, over the last 15 years funding for highway construction has lost ground steadily due to increased repair needs, the effects of inflation, and a decrease in gas tax revenues. The reduced funding has left an unmet demand for new highways.

The method by which California plans its transportation projects is called the State Transportation Improvement Program (STIP). The STIP is a five-year expenditure program which contains all the highway system, mass transit, and aeronautics projects receiving federal, State, or local funding. The current STIP contains 1,300 projects which include work that is just getting started, those ready for construction, and projects which are nearly complete.[5]

Caltrans receives funding from State, federal and local sources. While the State Highway Account and federal funds are the predominant sources of income, the increased use of local sales tax initiatives will provide a significant new source. Exhibit I.1 illustrates the sources of funding for transportation projects in California.

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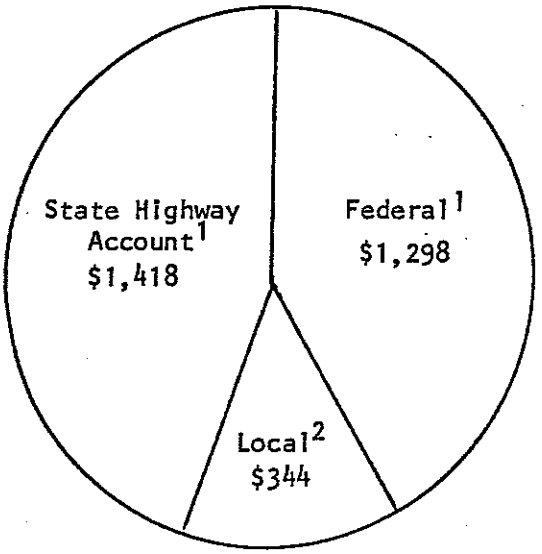
[4] Ibid., page 3.

[5] "The State's Five-Year Transportation Plan," speech by Director Leo Trombatore, Director of Caltrans. December 1987.

EXHIBIT I.1

FEDERAL, STATE AND LOCAL FUNDING SOURCES
FOR TRANSPORTATION PROJECTS
Fiscal Year 1987-88

(Dollars in Millions)



Sources

1. Going Places, Annual Report of Caltrans, July/August 1987
2. Division of Highways, Caltrans, January 1988

Exhibit I.1 shows that there is a total of $3.06 billion available for transportation projects in California in fiscal year 1987/88. The State Highway Account provides $1.418 billion, or 46 percent of these funds; the federal government provides $1.298 billion, or 43 percent of the funds; and local governments provide $344 million, or the remaining 11 percent of the funds.

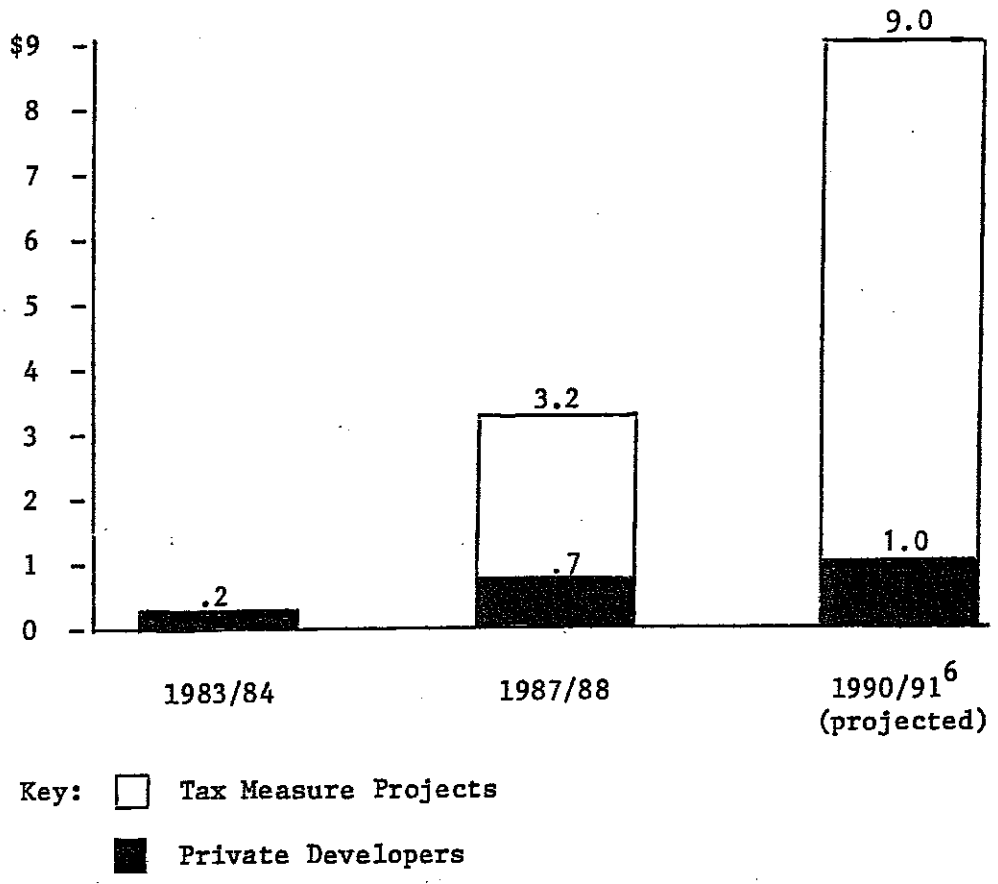
Until recently, the State had taken full responsibility for funding, building, and operating the State's highways. There has been increasing support lately for the use of local sales tax initiatives to fund specific highway construction. Previously, local sales tax initiatives were only used to fund mass transit systems, such as the Bay Area Rapid Transit, known as BART.

State law authorizes any county board of supervisors to create a local transportation authority. This allows citizens of the county to vote to approve the increased sales tax for specific highway construction. Once the highway tax is approved, the local transportation authority works to add the highway projects to the STIP. Exhibit I.2 displays the growth in special funded projects from fiscal year 1983/84 through 1990/91.

EXHIBIT I.2

GROWTH IN SPECIAL FUNDED PROJECTS
Fiscal Years 1983/84 through 1990/91

(Dollars in Billions)



Source: Division of Special Funded Projects, Caltrans, 1987

Exhibit I.2 shows that the amount of funding generated by specially funded projects will increase from $200 million in fiscal year 1983/84 to an estimated $9 billion in fiscal year 1990/91, a 45-fold increase. This increase is based on a Caltrans assumption that eight more counties will pass a local sales tax measure by fiscal year 1990-91.

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[6]Projection of tax measure increase based on Caltrans' assumption that eight more counties will pass a tax measure by fiscal year 1990/91. Projection of private developer increase based on Caltrans' assumption that the current trend will continue.

The primary funding source for the State highway system is the gasoline tax. This funding is generated by the State tax, which is currently $.09 per gallon. In addition, the federal gasoline tax, which also is $.09 per gallon, provides funds for the State's highway system. The federal government returns 85 percent of the proceeds from the federal gasoline tax to the State after the federal government deducts its administrative charges. These two sources, along with other minor funds, have provided a total of $1.709 billion[7] in fiscal year 1987/88 for capital outlay and construction expenditures.

The increased demands for State highway expansion and existing roadway maintenance combined with the lack of revenue has led many officials to the conclusion that State financing is simply not available to build the State out of its current transportation problems. According to CTC, "the State-funded construction program has shrunk essentially to zero."[8] The CTC has further indicated that the gasoline tax, the primary funding source for highway construction and maintenance, has not been periodically adjusted. As a result, Caltrans is forced to base the STIP on projected revenues rather than actual transportation needs.

Numerous other studies in recent years have also pointed out major deficiencies in funding for the State Highway System. The Governor's Infrastructure Task Force estimated a shortfall of $1.5 billion per year, the California Roundtable recommended an additional $800 million a year for the State Highway System,[9] and the Southern California Auto Club estimated a shortfall of $1.8 billion per year.[10] These estimates and recommendations come from the private sector and users of the system who would have to pay for additional expenditures through increases in their taxes.

Given the spending limit imposed by Proposition 4 in 1979, the Gann Spending Limitation, an increase in the gasoline tax is not feasible at this time. Accordingly, a number of recent legislative proposals have attempted to solve the highway funding problem in the short term. Most notably, the current Senate Transportation Funding and Reform Program, which is contained in SB 140 and authored by Senators Deddeh, Bergeson, and Seymour provides for financing through a State bond issue. In addition, an initiative has qualified for the Statewide election in June that would dedicate certain taxes for transportation purposes and exempt such revenues from the Proposition 4 spending limit.

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[7] Going Places, Caltrans, July/August 1987, page 16.

[8] "Highway Funding Conference and Workshop," California Transportation Commission, November, 1986, Chairman's Message.

[9] "Highway Funding Conference and Workshop," California Transportation Commission, November 1986, page 7.

[10] "Freeway Development to the Year 2000," Automobile Club of Southern California, 1986, page 6.

SCOPE AND METHODOLOGY

The Commission initiated its study of the problems in California's transportation system in March 1987. Chairman Nathan Shapell appointed Commissioner Mary Anne Chalker as Chairperson of the Subcommittee responsible for overseeing and directing the study. In addition, Commissioners Abraham Spiegel and Richard Terzian were appointed as members of the Subcommittee.

The purpose of the study was to determine the extent of short-term and long-term problems confronting California's transportation system and to identify opportunities to address the State's transportation needs. The Commission focused on the following issues in conducting the study:

- What is causing the delays in project delivery and the increases in highway project costs in California?
- What can Caltrans, local governments, and private industry do to help address the current transportation problems in California?
- Can the traffic control measures, such as staggered work hours and ride sharing, that were used during the Olympics and the recent visit of the Pope be effectively applied on a daily basis to relieve traffic congestion in urban and suburban areas?
- What is the magnitude of the State's highway system needs and what funding options are available to meet current and future demands for services?
- What additional measures can be undertaken to improve the State's ability to manage its highway system and reduce transportation system problems?

The Commission held three public hearings on the problems in the State's transportation system. The first public hearing was held in Los Angeles on April 30, 1987. This hearing focused on reviewing local options to relieving urban gridlock. The second and third public hearings were held in conjunction with the Assembly Transportation Committee. One hearing was held in Los Angeles on September 30, 1987 and the other hearing was held on October 13, 1987 in Oakland. These two hearings focused on Caltrans' operations and the problems it was experiencing in project planning and delivery.

REPORT FORMAT

The report is presented in three chapters. The second chapter of the report presents the seven major study findings. The third chapter presents the Commission's overall conclusions and recommendations for addressing the problems identified in the report. In addition, three appendices which contain more detailed technical information regarding the State and federal environmental laws with which Caltrans must comply, and the fund estimate from the 1988 STIP are provided as an addendum to the report.

II. STUDY FINDINGS

This chapter presents the study findings of the Commission's review of the problems in California's transportation system. The chapter includes eight major findings relating to transportation planning, operations and funding.

PLANNING

FINDING #1 - The State Is Not Aggressively Pursuing Immediate Options to Reduce Traffic Congestion

Numerous urban and metropolitan areas in the State are currently experiencing congestion that cannot be relieved in the short term by building new highways or major improvements. This is primarily due to the time and funding commitments necessary to construct new transportation system improvements. Current estimates based on existing needs and sources of funding conclude that we can't build ourselves out of this congestion problem in the near future. Instead, low-cost operational improvements and transportation systems management techniques should be considered. Without aggressive implementation of these strategies, time delays in urban and metropolitan areas will continue to impede further economic growth in California.

Local Planning Policies are Impacting Transportation

Although many land use decisions and local planning policies affect the State highway system, the State does not have the authority to mandate or implement policies at the local level. Rather, it is the ongoing responsibility of local agencies to establish policy regarding transit service, zoning and parking requirements. Therefore, the most effective transportation planning measures are under the jurisdiction of local agencies.

For example, since the late 1960s, land use priorities in Santa Clara County communities have resulted in policies that emphasized the creation of jobs and minimized the creation of housing. As a result, Santa Clara County has evolved over the last 20 years into a major importer of jobs from other communities in the Bay Area region. From 1980 through 1985, there were 130,000 new jobs created in Santa Clara County, but new housing starts for the same period totalled only 26,000 units. These local planning policies have placed an enormous demand on the state's highway facilities which serve Santa Clara County, although the decision to implement such policies is developed locally. Since decisions made at the city or county level affect other jurisdictions, regional involvement, planning and coordination is a necessity.

Transportation Systems Management

The development of Transportation Systems Management, or TSMs, has been a federal requirement for funding of highway improvements and mass transit facilities since 1975. The objective of a TSM is to devise inexpensive methods of efficiently transporting goods and people without building new roadways. These programs do three major things: encourage carpools, vanpools, the use of mass transit and other ridesharing mechanisms; spread

roadway peak periods by encouraging alternate work schedules; and increase existing roadway efficiency by restriping, channeling traffic, and signal systems.

The most successful example of a TSM in California is in Pleasanton, in the East Bay Area. Pleasanton is in the middle of one of the fastest growing areas of California. Concerned over the effects of rapid growth and traffic congestion, the City of Pleasanton in 1985 implemented a traffic-control program developed by a coalition of public and private sector groups. Major area employers and developers, such as AT&T, Pacific Bell, Prudential, and Dillingham Construction, joined together to support a city ordinance which mandated a 45 percent reduction in peak-hour commuter trips over a four-year period. This ordinance applied both to large single-entity employers and to business developments and parks with multiple employers and more than 50 total employees. Although guidelines were at first made "voluntary," fines and other misdemeanor charges are now available to encourage participation. Because of the widespread participation of the private sector in developing and implementing the Pleasanton TSM, the program is even more successful than originally expected. Through a combination of employer-initiated staggered work hours, car and vanpools, shuttle busses at the major business station, bicycle lanes, and other measures, Pleasanton reduced peak-hour traffic by 33.7 percent within a year of adopting the traffic management ordinance.

A similar system of traffic management was successfully implemented in Los Angeles during the 1984 Olympic Games. From a traffic management perspective, the 1984 Summer Olympics in Los Angeles were an unqualified success. During the 16 days of the Olympics, more people were traveling on southern California's freeways, streets and roads than ever before, but traffic congestion was lower than pre-Olympic peak-hour travel.

The TSM strategies used during the Olympics were the result of two years of planning by State and local transportation organizations and the Los Angeles Olympic Organizing Committee (LAOOC). A combination of increased bus service, modified surface street signage and signaling, one-way street operation, freeway restriping and channeling, coupled with a major effort to rearrange work hours, contributed to an alleviation of traffic congestion. Caltrans determined that, at the beginning of the Olympics, peak-period traffic had been reduced to seven percent below normal, and that by the end of the second week of the games, the freeways were carrying 11 percent more traffic during peak periods, and operating with only moderate congestion at worst. Actual levels of congestion were down 90 percent at the start of the Games, and, even with 11 percent more freeway traffic by the end of the Games, freeway congestion was still 35 percent below normal levels.[11] Although not all the Olympic traffic measures are still in effect, the experience shows that traffic systems management can significantly improve the efficiency and operations of the state's highways.

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[11] "Transportation Policy Recommendations The Olympic Legacy: Let's Keep it Moving," Southern California Association of Governments, January 1986.

In Los Angeles, as part of the 10-year Highway Plan, the SMART Street project was developed to test the concept of real-time management of the freeways and nearby arterials using computer technology. The demonstration project will provide the motorist with real-time traffic conditions and alternative route information, both on road through silent radio, changeable message signs, or via an in-vehicle navigation system, and before departure through the telephone or home/office computer. The Santa Monica Freeway Corridor, between the San Diego Freeway and the East Los Angeles Interchange, was chosen because it will be the easiest to implement. The City of Los Angeles has already installed their Automated Traffic Surveillance and Control System in the Coliseum area and intends to install that system in the Central Business District later this year.

The proposed "SMART Street" Corridor Demonstration project incorporates this technology and will develop an operational link between freeway and street management. It will take three and a half years to design and construct the "SMART Street" Corridor project. Assuming funding can be obtained, it is possible that the project could become operational in 1991. This project will result in more efficient emergency response, fewer accidents, and time and fuel savings to motorists because it will allow increased travel speeds along the corridor.

A recent evaluation of the Automated Traffic Surveillance and Control System in the Coliseum area found that there was a 13.2 percent reduction in travel time, a 35.2 percent reduction in the number of stops, a 14.8 percent increase in average speed, a 12.5 percent decrease in fuel consumption and a decrease in vehicle emissions. Annual benefits to the motorists in the Coliseum area have been conservatively estimated to be $7,839,500.[12] The amount of benefit from the SMART Street program will depend upon the amount of traffic diverted off the freeway and onto surface streets. If this project proves to be successful, it will benefit the Los Angeles system as a whole and could be applied to other freeway corridors in Los Angeles and other urban areas in the State such as San Francisco, San Diego and Orange County.

While Transportation Systems Management efforts have been successful in some individual localities in California, these systems and the problems that they address frequently transcend local jurisdictional boundaries of cities and counties. As a result, regional and even State level efforts may be necessary to effectively implement Transportation Systems Management.

Low-Cost Operational Improvements Can Relieve Congestion

Given the constraints imposed by county minimums, north south split and the interstate funding priorities, many counties that could benefit from low cost improvements are unable to obtain funding for these traffic management

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[12] Letter from Ms. Ginger Gherardi, Manager, Highway/TSM Programs, Los Angeles County Transportation Commission to the Little Hoover Commission, dated October 6, 1987.

operational improvements. For example, Alameda, Contra Costs, Los Angeles, Orange, San Diego and Santa Clara Counties are in dire need of congestion relief; however, each county is over its county minimum making it difficult to include any new congestion relief projects in the five-year STIP.

Operational improvement projects are effective in minimizing recurring congestion. Typical anti-congestion projects are: auxiliary lanes, ramp meters, carpools and bus lanes, like the El Monte busway in the Los Angeles area, truck climbing lanes, passing lanes in the rural sections of our highway system, traffic signal interconnects, left-turn lanes and park and ride lots. The direct benefit of these projects are counted in reduced vehicle delays.

In his testimony to the Little Hoover Commission on April 30, 1987, the Deputy Director of Caltrans indicated that "what we need to do in the future is further emphasize these kinds of low cost improvements to the system to remove bottleneck sections and increase capacity in spots where demand has exceeded the existent capacity of the system." Both operational improvements and TSM programs have proven to relieve congestion and are cost effective highway enhancements, however, funding constraints make it difficult to program State dollars for these purposes.

The Commission's review indicated that transportation system management techniques and low-cost operational improvements could help relieve existing transportation problems that cannot be relieved in the near term by building new highways or making major improvements to existing highways. If the State fails to take advantage of these measures, time delays in urban and metropolitan areas will continue to impede further economic growth in California.

FINDING #2 - Caltrans' Has an Inadequate Long-Term Planning Process

Caltrans does not have an adequate plan to determine how the State will address its future transportation needs. Although Caltrans does engage in some long-term planning, the bulk of Caltrans resources are focused on short-range programs and year-to-year plans. The lack of planning may lead to additional transportation problems in the future because resources may not be expended prudently and right of way that should be preserved for highway projects will be used for other purposes. Therefore, future transportation improvements may be more expensive and more difficult to build.

Overview of Projected Growth and Development in California

California has 174,081 miles of public roadway under State, county, municipal and federal controls. This number represents 4.5 percent of all roads in the United States.[13] While repair needs alone far outstrip available funding, the primary concern facing drivers today is congestion. Exhibit II.1 displays projections for population, number of licensed drivers, number of vehicles registered and number of vehicle miles travelled in the year 2000.

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[13]"California Congestion: Its Effects Now and in the Future," TRIP, Washington, D.C., May 1987, page 4.

EXHIBIT II.1

SUMMARY OF CALIFORNIA DEMOGRAPHICS FROM 1975 TO 2000

(In Millions)

Description	1975	1985	Percent Increase 1975-1985	2000	Percent Change 1975-2000
Population[1]	20.98	26.10	24	32.9	57
Number of Licensed Drivers[2]	13.56	17.45	29	22.10	63
Number of Vehicle Registrations	16.16	21.73	34	26.13	62
Vehicle Miles Travelled per Year[3]	132,600	207,600	57	271,000	104

SOURCES: 1. Department of Finance, Census Data Bureau
2. TRIP Report, May 1987
3. Department of Motor Vehicles, Data Bureau, January 1988

Exhibit II.1 shows dramatic changes that occurred in California in the last decade: a 24 percent increase in population, 29 percent increase in licensed drivers; a 34 percent increase in the number of vehicle registrations; and a 57 percent increase in vehicle miles travelled. This has led to delays of 75 million hours per year that have been calculated to cost the State $2 million per work day in lost productivity. Moreover, the projected increases by the year 2000 will create additional demands on California's highway system.

Caltrans has estimated that it would cost about $50 billion to improve the road system adequately. They also forecast a need of $2.87 billion per year, but current funding is short of that by about $470 million annually.[14] There are many different methods to attempt to alleviate the increasingly severe transportation problems facing the State, but there is no current plan set forth which establishes the most desirable path to handle the tremendous transportation needs in the State.

In 1972, the State Legislature passed a law requiring the Department of Transportation and the State Transportation Board, which was a predecessor to the California Transportation Commission, to adopt a long-term plan for California transportation (AB 69, Chapter 1253, Statutes of 1972). Based

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[14]"California Congestion: Its Effects Now and in the Future," TRIP, Washington, D.C., May 1987, page 1.

on the recommendations of the Transportation Board, the Legislature was scheduled to enact laws that would define Statewide transportation goals, policies, and objectives. Several attempts were made by the Board to prepare an acceptable statement of goals and objectives, but none was ever adopted by the Legislature.

In 1977, the California Transportation Commission was created by AB 402 to replace the four boards and commissions that had shared the advisory role over Caltrans. One of the major arguments in favor of establishing the CTC was that there would be a single body legislatively charged with broad planning, programming and budgeting responsibilities that could function more effectively than the four individual entities.

AB 402 repealed the previous legislative requirement of a long-term plan and replaced it with a requirement of a biennial report which would include the following:

- An evaluation of significant transportation issues and recommendations for revisions of policies and programs;
- A summary of expenditures proposed in regional transportation improvement programs; and
- A review of the budget of the State highway program.

In 1984, SB 283 revised the requirement from a biennial report to an annual report summarizing past year expenditures and identifying "timely and relevant" transportation issues. Thus, the trend has been away from long-term planning and toward short-range programming.

AB 402 also required the development of regional transportation plans to be considered by the CTC as it examined State priorities. The Act identified 43 regional transportation planning agencies (RTPAs) and required that, with the assistance of Caltrans, they submit their short- and long-term transportation needs to State officials. Annually, Caltrans assists the RTPAs by providing technical information and analysis on proposed projects, and by reviewing proposals to ensure compliance with State and federal laws. The regional plans represent a major aspect of planning, but they do not reflect Statewide priorities nor do they address the myriad of interregional or geographical needs facing California.

Caltrans attempts to address these larger needs separately, through "system planning" performed by the Division of Planning. According to departmental policy, the mission of this division is as follows:

> In partnership with local and regional agencies and the private sector, develop programs, allocate resources, and identify projects

that will lead to a system planned to meet the future transportation demands of the State.[15]

However, as the program currently stands, there are two discrete planning processes, the State's and the regions'. System planning focuses on maximizing total system performance by examining Route Development Plans, System Management Plans, and by preparing reports on the status of the Statewide system. Additional activities include monitoring project priority lists and project reports for consistency with system planning policies, and coordinating system planning with other department planning activities. This level of planning activity represents the minimum planning effort that satisfies State and federal law. These activities do not adequately address long-term planning needs.

In a May 1987 report entitled, A Statewide Transportation Policy for California, Michael Schneider, et.al., argue that there is a fundamental need for a policy-oriented approach to planning. The new approach should focus on strategic actions and on regional and modal priorities where the old approach concentrated on maps showing specific recommended facilities. At the very minimum, they suggest that the basis of the policy plan should include:

- A Statewide consensus on growth and development objectives, and forecasts for growth in individual regions over a 20-30 year horizon.
- A system for assessing relative short-term and long-term deficiencies in interregional transportation.
- An improved mechanism for setting priorities between regions within the State and between transportation modes, each of which compete for capital, operational and maintenance dollars.
- An "idealized" and a "pragmatic" policy: the pragmatic policy would consider the possibilities given the realities of State and federal funding whereas the idealized would offer a plan unconstrained by existing funding approaches.

In general, they suggest that a management approach to transportation planning will be more effective than the more traditional technical plan because it will address the issues from policy-oriented perspective in a much broader and holistic fashion.[16]

Within Caltrans, the Division of Transportation Planning has also developed a proposed program for long-term planning. This program mirrors the

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[15] "Planning in the 1990s: A Proposal for a Proactive Planning Process," Division of Transportation Planning, Caltrans, March 1987.

[16] A Statewide Transportation Policy for California, Michael Schneider et. al., Parsons, Brinckerhoff, Quade and Douglas, Inc., May 1987, page 8.

suggestions for long-term projection and analysis of transportation needs. In addition, the program stresses the importance of cooperative effort between all interested parties including private sector developers, local transportation agencies, other agencies of government and Caltrans. The main goal of this plan is the preservation of right of way for future transportation use. Toward this end it calls for collaboration between Caltrans and local agencies in preparation of State, regional and local plans. By these actions, the future transportation system needs would be reflected in each responsible agencies plans and programs. The Division of Planning cites the lack of corridor preservation as one of the major shortcomings in current planning policy:

> It has been nearly fifteen years since the State engaged in any long-range planning on the scale necessary to preserve and protect right of way for facilities. During these years, the growth and development of California cities has proceeded by leaps and bounds, creating a sprawling carpet of pre-emptive land uses. Pre-emptive urbanization will guarantee that acquiring the land for future transportation facilities will entail a cost in money, controversy and community dislocation that is unacceptable. The window of opportunity to acquire urban rights of way is closing.[17]

For example, in 1986, Senate Resolution 46 required that Caltrans perform a long-term plan for the State-owned toll bridges in the San Francisco Bay Area. This measure included the following bridges: San Francisco-Oakland Bay Bridge; San Mateo-Hayward Bridge; Dumbarton Bridge; Richmond-San Rafael Bridge; Antioch Bridge; Benicia-Martinez Bridge; and the Carquinez Bridge. Specifically, Caltrans was required to project traffic demand through the year 2010 and calculate the number of new bridge lanes needed to accommodate the increases.

While this study was a good start, it points out the absence of an ongoing State plan that addresses all State roadways. Caltrans was able to provide statistics regarding traffic demands for the ensuing 25 years for the Bay Area; however, this type of information, though appropriate, is not available on a Statewide basis.

Examination of the report Caltrans submitted to the Legislature in October 1987 entitled, "Twenty-Year Traffic Demands and Ten-Year Capital Outlay for State-Owned Toll Bridges in the San Francisco Bay Region," illustrates the need for long-term planning. Exhibit II.2 shows the current and projected traffic for seven bay area bridges and the number of lane deficincies predicted for the year 2010.

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[17] "Planning in the 1990s: A Proposal for a Proactive Planning Process," Division of Transportation Planning, Caltrans, March 1987.

EXHIBIT II.2

SUMMARY OF TOLL BRIDGE
LANE DEFICIENCIES IN BAY AREA 1985-2010

Bridge	Average Daily Traffic-1985	Average Daily Traffic-2010	Percent Increase	Projected Lane Deficiencies
San Francisco-Oakland Bay	225,000	309,000	38	10
San Mateo-Hayward	57,000	81,600	43	2*
Dumbarton	33,000	51,500	56	2
Richmond-San Rafael	38,000	55,800	47	0
Antioch	7,400	19,000	156	2
Benicia-Martine	65,000	111,200	71	0*
Carquinez	86,000	137,600	60	4

* Assumes that lane additions programmed in current STIP will be delivered.

Source: Twenty-Year Traffic Demands and Ten-Year Capital Outlay for State-Owned Toll Bridges in the San Francisco Bay Region, Department of Transportation, October 1987.

As Exhibit II.2 illustrates, current volume of traffic on the bridges and projected increases in volume can translate into severe lane deficiencies for the year 2010. For example, because of the tremendous current volume of over 225,000 cars per day, the Oakland Bay Bridge will need five new lanes in each direction in order to keep pace with its 38 percent projected increase. Conversely, the Antioch Bridge which is projected to experience 156 percent increase in traffic, will only be short two lanes because the current volume is only 7,400 cars per day.

Overall, Caltrans predicts a need for 20 additional Bay Area bridge lanes by the year 2010, assuming that the current projects for five or six lanes on Benicia-Martinez Bridge and two lanes on the San Mateo Bridge will be completed. Plans for expansion of the Bay Bridge have stalled because Caltrans has been unable to secure adequate right of way to allow for expansion of the approaches. It would be fruitless to expand the bridge, if the same number of lanes remained on each side. While this project stalls for lack of funding and planning, the State plans to spend $249

million to add five or six lanes to the Benicia-Martinez Bridge which is projected to carry only one-third of the traffic of the Bay Bridge. The San Mateo-Hayward Bridge is also programmed for two additional lanes in the 1987 STIP at a cost of $85 million.[18]

Thus, while Caltrans' own report shows the severe need for lane additions on the Bay Bridge--predicting four-hour delays during the afternoon commute--there are no capacity expanding projects planned in the foreseeable future. If Caltrans had been engaged in long-term planning, it would have been able to set better priorities for bridge construction. Given the tremendous impact transportation decisions have for years to come, a thoughtful long-term planning process is essential to insure limited resources are being expended prudently.

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[18]"Twenty-Year Traffic Demands and Ten-Year Capital Outlay for State-Owned Toll Bridges in the San Francisco Bay Region," Caltrans, October 1987, page 18.

FINDING #3 - Highway Project Development and Approvals are Unnecessarily Delayed Due to Procedural Problems in the Planning Process

The State Transportation Improvement Program (STIP) is a five-year plan for developing the State's highway system, mass transportation, and aeronautics projects. The STIP is updated and adopted annually by the California Transportation Commission (CTC). Because cost estimates are understated, the STIP overcommits the funding available for highway projects and establishes unrealistic project schedules that cause additional project delays and increase project costs.

The STIP Process In Relation to the State Budget Process

The process for developing the STIP has evolved over the past decade. The passage of California Assembly Bill 69 in 1972 established the State Department of Transportation. This was followed in 1977 by the enactment of AB 402, the California Transportation Reform Act. This legislation revised the State transportation planning process by requiring development of an annual STIP, established the CTC, established a formal legislative budgeting procedure, and increased regional impact upon programming and budgeting of State transportation projects by requiring development of Regional Transportation Improvement Programs (RTIPs). AB 402 also established milestone dates for the development of each STIP with the final step being the adoption of the STIP by July 1 of each year.

The STIP contains State highway, mass transportation, and aeronautics projects receiving State and federal funds, and locally financed projects on the State system over a five-year period. The STIP also sets aside funding during the five-year period for maintenance, operations, and engineering functions of Caltrans. The STIP is the State's program for transportation, capital improvements and is composed of approximately 1,300 projects for the five-year period.

There are three main participants in the STIP process: the regional agencies, Caltrans, and the CTC. Specified regional transportation planning agencies and county transportation commissions are required to prepare regional transportation improvement programs (RTIPs) for the CTC's and Caltrans' review. Rural counties also submit their comments to the CTC for consideration. Caltrans is required to develop and recommend a fund estimate and a proposed STIP.

The CTC's role in the STIP process is to adopt a program based upon past commitments and a review of competing Caltrans, regional, and rural proposals. Specifically, Government Code Section 14530 states that:

> "the Commission may deviate, in the adoption of the State Transportation Improvement Program (STIP), from a regional transportation improvement program, based on a finding that there:
>
> 1. Is an overriding Statewide interest as determined by the Commission;

2. Are insufficient funds available to implement the program; and

3. There exist conflicts between the regional programs."

The process of developing, adopting and resolving appeals to the STIP is a 12-month process which starts in August and ends the following July.

Exhibit II.3 provides a summary of the annual STIP process.

EXHIBIT II.3

SUMMARY OF THE ANNUAL STATE
TRANSPORTATION IMPROVEMENT PROGRAM (STIP) PROCESS

Date of Action	Component	Description
Late August	Revenue and Inflation Estimate	o Estimate of projected revenues and inflation-rate assumptions for the five years of the upcoming STIP adopted by Commission
October 15	Proposed Fund Estimate and Updated STIP	o Department recommendations accompanied by adopted STIP updated for inflation project-cost changes, and project-delivery changes, prepared by Caltrans
November 15	Adopted Fund Estimate	o Commission adoption
March 1	Department's Proposed STIP	o Department's proposal for the next STIP
May 1	Regional Transportation Improvement Program (RTIP)	o Regional and rural proposals for the next STIP
May	Public Hearings	o Hearings in Northern & Southern parts of the State
May 15	Comparison Report	o Department prepares a comparison of the previous STIP with the PSTIP, RTIPs and rural comments
May 5, 10 (20 days prior to adoption)	Commission Staff Recommendations	o Staff recommendations distributed to the Department, the transportation planning agencies, and county transportation commissions
Prior to July 1	STIP Adoption	o Commission adopts new STIP

Source: Government Code Sections: 14524-14530.5

The STIP process presented in Exhibit II.3 can be described in six major steps. The first major step is the adoption of the revenue and inflation estimates. During August, Caltrans proposes revenue and inflation-rate

estimates for the upcoming five-year STIP period. The CTC adopts the revenue and inflation-rate estimates which it deems appropriate for use in the subsequent STIP.

The second step consists of estimating the funding available in the fund estimate and updating the STIP. Not later than October 15, Caltrans submits a proposed estimate of funds that will be available for programming in the STIP, the difference between total revenues and non-capital expenditures such as maintenance, engineering, and administration. Accompanying the fund estimate is an updated version of the most recent adopted STIP, called the updated STIP (USTIP). The USTIP presents revised information based upon the most current inflation assumptions, project cost changes, and delivery schedules for all projects contained in the adopted STIP. The fund estimate is used to determine fund increases available for the next STIP or any project deficits. Not later than November 15, the Commission issues its adopted version of the fund estimate. Appendix A contains the 1988 STIP Fund Estimate.

The third step involves Caltrans' preparation of its proposed STIP. Not later than March 1, Caltrans submits its proposed STIP, called the PSTIP, to the CTC and regional transportation planning agencies (RTPAs), consistent with the adopted fund estimate.

The fourth step in the STIP process is the submittal of the Regional Transportation Improvement Program (RTIP). Not later than May 1, RTPAs representing urbanized areas of 50,000 or more submit RTIPs to the CTC and Caltrans. Rural counties submit less-formal comments and suggested revisions concerning projects in their areas, as proposed by Caltrans. Both metropolitan and rural submittals are required to be consistent with the adopted fund estimate.

The preparation and analysis of a Comparison Report is the next stage in the process. Not later than May 15, Caltrans submits a report which compares the most recent updated STIP (USTIP) with the PSTIP, RTIPs, and rural comments.

The sixth and final major step in the Process is the adoption of the STIP. After conducting public hearings and reviewing the PSTIP, the RTIPs, rural comments, and other submitted comments, the CTC adopts the STIP no later than July 1, and transmits it to the Governor and the Legislature.

The State Budget, proposed by the Governor and submitted to the Legislature, contains the coming fiscal year's transportation-related funding by program area, including:

- Administration;
- Program Development;
- Highway Maintenance;
- Highway Operations;
- Highway Rehabilitation;
- Highway Operational Improvement;
- Highway New Facilities;
- Local Assistance;
- Aeronautics;

- Mass Transportation; and
- Transportation Planning.

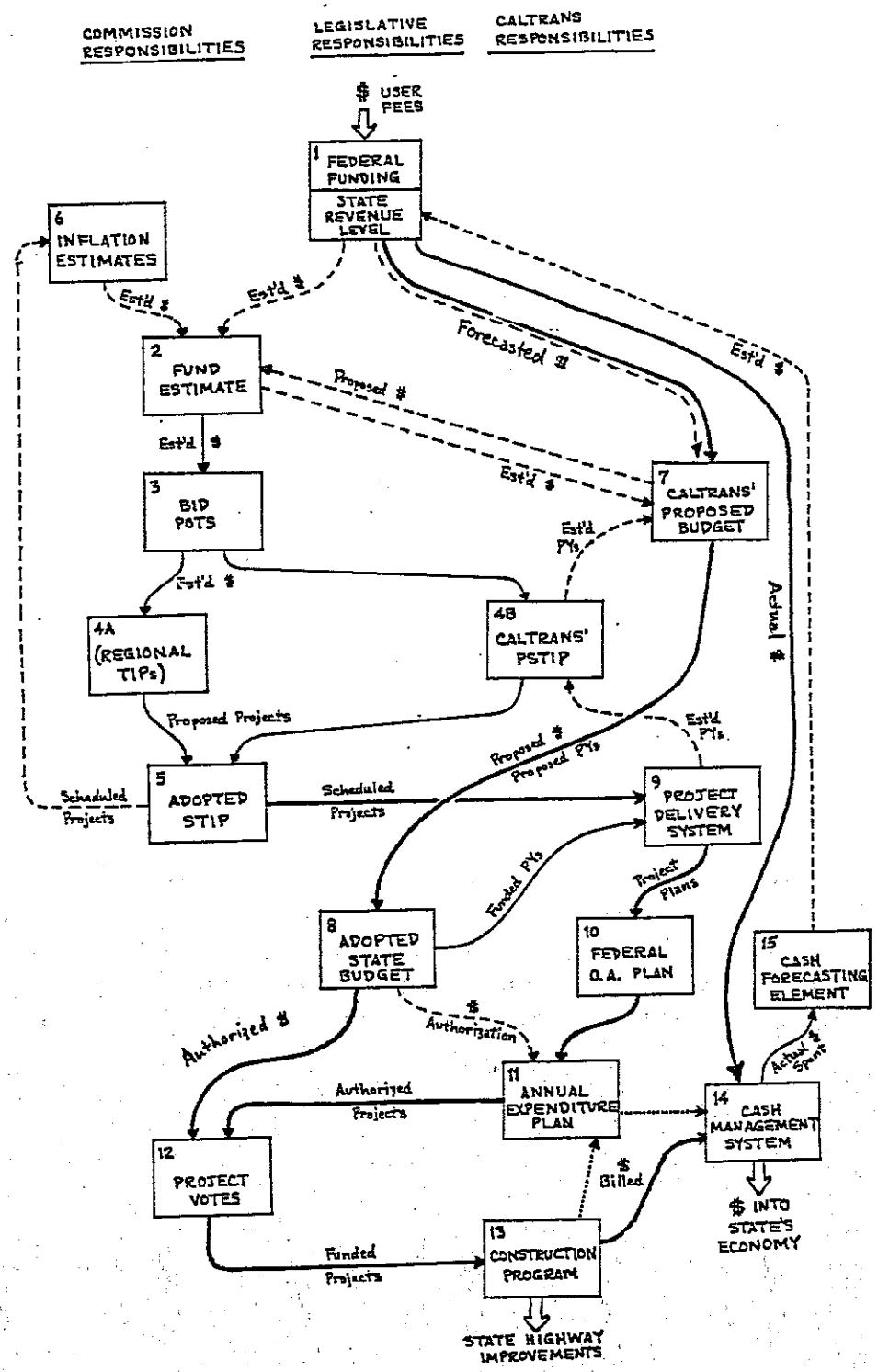
Specific transportation projects are not included in the State Budget.

The adopted STIP, in contrast with the State Budget, is project specific and contains transportation projects anticipated for the five-year period, beginning with the budgeted fiscal year. The Budget Act, effective on July 1 of each year, serves as the overall program commitment for the fiscal year only. The State Budget provides funding for project and person years (PYs) for project delivery. Although budget authorizations for State highway capital outlay are available for expenditure for three years, authorizations for non-capital expenditures and PYs are only available during the budget year.

Exhibit II.4, prepared by the California Transportation Commission, displays the overlap between the STIP process and the budget process.

EXHIBIT II.4

FUNDING PROCESS FOR
STATE HIGHWAY CONSTRUCTION



Source: California Transportation Commission, Revised December 1987

The Exhibit II.4 illustrates that because both the STIP and the State Budget are adopted effective July 1 of each year, the two documents do not necessarily reflect the same staffing assumptions. Thus, projects may be placed in the budget year of the STIP even though there may not be adequate staff positions to carry out the engineering and design functions for the funded projects. In response to this dilemma, Caltrans has indicated that they believe that programming should not be constrained by support resources with the possible exception of the current year.

Cost Estimates are Understated

Historically, Caltrans' estimates of project cost have been inaccurate enough to merit some concern. For example, the original estimate by Caltrans for the cost of the Interstate 880--Route 237 Interchange in Santa Clara County was $32 million. This project was one component of the locally-funded tax initiative and the estimated cost figure was used by local officials in presenting the tax package to the voters. After voter approval of the tax initiative in April 1985, Caltrans reviewed the project and revised the cost estimate to $85 million. After further review of the project, in light of federal regulations regarding the quality standards for interstate work, the cost estimate for this project was revised again to $150-160 million.

Several factors that were not attributable to Caltrans contributed to this nearly 500 percent increase. For example, the original traffic demand figures underestimated the volume at this interchange; therefore, a more expensive interchange design was needed to handle the volume of traffic. The local agency requested two interchanges within a mile of each other which is contrary to FHWA policy. This request required further study and resulted in additional time delay and increased cost of the project. However, the fact remains that the cost of this project is significantly greater than the financial commitment provided in the Santa Clara County tax initiative and now must wait for alternative funding sources.

The sales tax initiative in Alameda County calls for an expenditure of $990 million over 15 years to widen the Nimitz Freeway and improve three interchanges on Interstate 880. The State is also financing a widening project on the Nimitz from Oakland to Union City. The Alameda County taxes were scheduled to finance the continuation of the project from Union City to Fremont. However, cost estimates originally provided by Caltrans for the State-funded section were recently increased $30 million due to an unforeseen need to purchase right of way. Although the CTC has stated its intention to fully finance the additional cost, it is not clear how or when these additional funds will be generated. Thus, the project is delayed which forces the locally-funded portion to be delayed as well.

Subjective Adoption of Inflation Rate Estimates

Caltrans estimates revenue and inflation rates for each year. The CTC considers the estimates proposed by Caltrans, but is free to adopt any inflation rate it desires. Each year, Caltrans estimates the inflation rates for each of the five years of the STIP. When Caltrans prepares the estimate, it attempts to forecast what the Construction Cost Index (CCI) will be over the next six years. While a precise set of inflation rates

six years into the future is difficult, it is a necessary step in identifying potential projects that can be programmed. Caltrans economists have developed what they believe are objective rates based upon Chase Econometrics; however, the CTC may adopt different rates for the STIP.

Exhibit II.5 displays the inflation rates proposed by Caltrans and those ultimately adopted by the CTC for the 1986 STIP.

EXHIBIT II.5

COMPARISON OF 1986 INFLATION RATES
AS PROPOSED BY CALTRANS AND ADOPTED BY CTC

Year	Caltrans Proposal	CTC Adoption
Pre-STIP Year	2	0
1	4	4
2	5	3
3	5	3
4	5	3
5	5	4

Source: Budget Development and Management Division, Caltrans.

As Exhibit II.5 illustrates, the CTC decreased the inflation rate from two percent to zero in the pre-STIP year, from five percent to three percent in years two through four, and from five percent to four percent in the fifth year. Although this modification may seem somewhat minor, adjustments such as these can have a significant impact in the STIP due to the magnitude of the funds involved. For each $1 billion per year of capital outlay funding, these modifications would result in $213 million in additional funding available for the CTC to program for new projects.

Similarly, for the 1987 STIP, Caltrans proposed a five percent inflation rate for each of the STIP years. These inflation rates were modified by the CTC to two percent in the first, or pre-STIP year, and four percent in the remaining five years. In this case, for each $1 billion per year of capital outlay funding, the compounded effect of the CTC's adjustment in the inflation rate would be $168 million additional dollars in new funding over the five-year period.

Given that the CCI is a particularly volatile index and is subject to short-term ups and downs, it may be more reasonable to estimate an average inflation rate over the STIP period. Moreover, inflation in any given year is not a good indication of what inflation will look like over a five-year period. A report prepared for the Assembly Transportation Committee dated

September 11, 1987 stated, "the CTC is not staffed with economic expertise to review, modify, or adopt escalation rates."

A consultant to the Assembly Transportation Committee recommended that the adoption of the escalation rates should be transferred from the CTC to the Commission on State Finance. In response, the Department indicated that it "supports the concept of escalation rate setting by the Department of Finance."[19]

Given the impact that the inflation rate estimate has on the development of the transportation improvement program, the lack of objectivity demonstrated by the CTC in adjusting the inflation rate each year has raised questions regarding the current method used to adopt an inflation rate for the STIP.

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[19] Letter from Leo J. Trombatore, Director, Caltrans, to Nathan Shapell, Little Hoover Commission Chairman and Assemblyman Richard Katz, Chairman, Assembly Transportation Committee, dated December 29, 1987.

OPERATIONS

FINDING #4 - Caltrans Has Insufficient Staffing Available to Deliver the Transportation Program in a Timely Manner.

Caltrans has traditionally, with minor exceptions, performed all project development work including the design, specifications and contract administration with its own staff resources. Recent cyclical changes in State and federal funding have made it difficult for the department to maintain project development staffing levels to match funding levels. As a result, 25 percent of the State funded highway projects and 60 percent of the locally funded highway projects have been delayed, including proposed highway projects that are being funded by local governments and private developers.

Recently, there have been many instances where a project on the State highway system is being fully or partially funded by local or private sector funds. These projects, while not competing for State funding, end up competing for project development staff resources. Consequently, there are a number of delays in project delivery schedules. For example, a memo from CTC dated November 5, 1987, states that 47 percent of the projects reviewed "appear to have been rescheduled beyond the year in which they were programmed in the already delayed 1985 Delivery STIP or beyond the original program mid year."[20]

Existing constitutional provisions and judicial decisions require that with certain exceptions all work for the State must be performed by State civil service employees. The extent to which work can be contracted out remains unclear and a number of court decisions have not clarified the issue. Generally, the courts have agreed that the Legislature may authorize some work to be performed by contractors.

The addition of locally-funded but State-developed highway projects to Caltrans' workload has caused major delivery problems. These locally-funded projects compete with State-funded projects for Caltrans project development staff priority. Exhibit II.6 displays the four counties that have passed local sales tax initiatives.

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[20] "Quarterly STIP Monitoring Report, California Transportation Commission November 5, 1987.

EXHIBIT II.6

COUNTIES THAT HAVE ENACTED
LOCAL SALES TAX MEASURES

County	Date Passed	Total Estimate of Revenue
Alameda	November, 1986	$ 990 million
Fresno	November, 1986	540 million
Santa Clara	November, 1984	880 million
San Diego	November, 1987	2,250 million
TOTAL		$4,660 million

Source: Caltrans Division of Special Funded Programs

Exhibit II.6 shows the significant impact local sales tax initiatives will have on highway financing and project delivery given that four local measures will generate more than $4.6 billion over the next 20 years.

Currently, approximately 25 percent of the funded highway projects are delayed beyond the projected completion date. However, according to a recent study by the California Transportation Commission, over 60 percent of all locally-funded highway projects have been or probably will be delayed beyond the year they were originally scheduled for completion.[21] The California Transportation Commission, in its study, further states:

> "With local projects being delayed more than twice as often as STIP projects as a whole, it becomes apparent that we must do something to improve the process by which locally-funded projects are planned, funded, programmed and designed."[22]

Caltrans indicates that delays in project delivery are caused by a shortage of Caltrans staff available to provide project administration. Caltrans' plan, in the current year, is to develop a process for locally-funded projects using contract consultants and some in-house staff. This solution, which has been suggested as an alternative to increasing permanent staff, would result in Caltrans contracting-out project design and review work for locally-funded highway projects.

Several current legislative bills, including SB 516 (Bergeson), have attempted to address this problem by giving Caltrans the legal authority to

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[21] "Delivery of Locally-Funded Projects," California Transportation Commission Memorandum, April 7, 1987.

[22] Ibid.

contract for private design and engineering services in order to carry out Caltrans' project development program in a timely manner. SB 516, Chapter 9, Statutes of 1988, was signed into law by the Governor on February 10, 1988. Specifically, this measure established a process for Caltrans to evaluate its staff resources against project delivery schedules and to supplement its staff with resources from private consulting firms. The Governor's proposed budget for fiscal year 1988/89 includes an increase in staffing from the fiscal year 1987/88 level of 15,489 personnel years (PYs) to 16,645 PYs in fiscal year 1988/89. This 1,156 increase in personnel years includes 304 PYs to perform project development activities for locally funded projects.

Another crucial factor affecting project delivery is that Caltrans does not know which counties will pass tax measures, and therefore, it cannot anticipate workload in time to request staff augmentations through the State budget process. Exhibit II.7 shows the counties that are considering local sales tax initiatives to finance highway projects.

EXHIBIT II.7

COUNTIES THAT ARE CONSIDERING
LOCAL SALES TAX INITIATIVES

County	Ballot Year	Effective Years	Total Revenue Estimate (millions)	Comment
1. El Dorado	6/88	20	$ 130	Transit Authority Established
2. Nevada	6/88	20	100	No Local Consensus on Project Selection
3. Placer	6/88	--	--	Preliminary Discussion
4. Sacramento	6/88	20	1,900	No Local Consensus on Project Selection
5. Contra Costa	6/88	25	1,000	Failed in November 1986
6. Sonoma	11/88	--	--	Measure Appears Doubtful in 1988
7. Marin	11/88	10	18	Caltrans Developing Priority Project List
8. San Mateo	6/88	15	535	Failed Placement on 1987 Ballot
9. Monterey	6/88	20	240	----
10. San Benito		--	7	Proposed to Fund Only Route 156 Widening and Hollister Bypass
11. Kern	After 1988	--	--	----
12. Los Angeles	After 1990	15-20	325/year	Awaiting Progress With Mass Transit
13. Ventura	After 1990	15-20	21/year	No Local Consensus on Project Development
14. Riverside	11/88	20	900	----
15. San Bernardino	11/88	15	900	----
16. San Joaquin	After 1988	--	15/year	Preliminary Discussion
17. Stanislaus	After 1989	--	6/year	No Local Consensus on Project Development
18. Tuolumne	After 6/88	--	1.5/year	----
19. Orange	After 1988	15	1500	Awaiting League of Orange County Cities Study of Support
20. Shasta	--	--	--	Preliminary Discussions Only
21. Santa Barbara	--	--	--	Preliminary Discussions Only
22. Solano	--	--	--	Preliminary Discussions Only

* This chart represents the best information available as of 11/20/87; however, situations within counties may have changed since that date.

Source: Division of Special-Funded Projects, Caltrans.

Exhibit II.7 shows that 22 additional counties are considering local sales tax measures and 11 of these counties are scheduled for voter consideration during 1988. It is clear that given the number of counties proposing sales tax measures this funding source will have a tremendous impact on project development in the future. Local tax measures can cause year-to-year imbalances in the overall workload of Caltrans, but they can also occur in a single district.

For example, District 4 in San Francisco has one of the largest STIP-based building programs in the State; but, in addition, local tax measures have been approved by voters in Santa Clara and Alameda Counties adding $890 million worth of projects to the districts' workload. In addition, there are $312 million in developer-financed projects and $70 million in storm damage. All totalled, these projects result in $1.2 billion increase in capital outlay projects, or a 20 percent increase in the Statewide workload. But the real impact is at the local level since the District 4 construction program has more than doubled. Options other than contracting for temporary engineering work, such as moving State employees, may not be timely and may not be prudent given the cyclical impact of this program. Contracting out would provide Caltrans with the flexibility to handle these imbalances with the assistance of temporary private consultants.

During the Commission's public hearings in Los Angeles and Oakland on the problems in California's highway system, the Commission received testimony from local governments and private developers who were willing to pay the cost of highway development. However, Caltrans was not permitted under existing law to do so. As a result, highway projects proposed and potentially funded by local governments and private developers were being delayed.

FINDING #5 - The Environmental Process is Cumbersome and Results in Project Delays and Increased Project Delivery Costs

Both the State of California and the federal government have laws that require identification and consideration of environmental impact before construction of transportation projects can begin. Although only one document is produced to satisfy both State and federal requirements, the review and approval are performed consecutively rather than simultaneously. This results in a four- to six-month delay in construction of highway projects. In addition, Caltrans tends to be overly optimistic about how quickly the environmental review process can be completed. This frequently results in projects being delayed beyond the original delivery date and translates into increased costs due to inflation. Furthermore, the criteria for exempting projects from the environmental review process is too restrictive and does not allow for the exemption of projects such as high occupancy vehicle lanes on existing congested freeways. As a result, unnecessary environmental assessments are performed. These assessments not only delay the affected project, but also utilize limited personnel who could be working on more important projects.

Overview of the Environmental Process

Prior to the construction of a highway project, Caltrans must ensure that the project adheres to the California Environmental Quality Act (CEQA) regulations. In addition, if the project involves any federal action, or adjoins federally funded roads, it must also adhere to federal environmental regulations under the National Environmental Policy Act (NEPA). In most cases, Caltrans is the "lead agency" or agency proposing the project, and therefore responsible for preparing the environmental documents. For projects initiated and funded by local or private agencies, Caltrans undertakes the role of reviewing the documents prior to submission to other interested agencies and the public for their approval. Both CEQA and NEPA require the lead agency to perform an environmental analysis of the proposed project either when it is placed in the STIP, or on a long lead time list. A comparison of CEQA and NEPA requirements is attached in Appendix B.

The environmental analysis must identify the environmental impacts of a project and consider them in conjunction with economic costs and technical feasibility. As adverse impacts of the proposed project are identified, such as filling a wetland, or destroying the habitat of an endangered species, State and federal laws that regulate such activities must be complied with. Natural resource agencies such as the federal Fish and Wildlife Service and Environmental Protection Agency, and the State Department of Fish and Game may require separate permit applications before construction can begin. In addition, Section 106 of the National Historical Preservation Act requires detailed analysis of potential impacts on historic, archaeological, or cultural sites. Agencies such as the State Historical Preservation Office must be satisfied that either there will be no effects on historical or archeological sites, or if there will be, that every effort has been made to minimize the impact. A compendium of State and federal environmental regulations is attached in Appendix C.

If, after the initial environmental analysis is completed, it is determined by the lead agency that the project will not significantly impact the environment, a State level Negative Declaration and federal Finding of No Significant Impact (FONSI) may be filed. If, however, it is determined that there may be significant impacts to the environment or use of a historical site, then an environmental impact statement (EIS)--referred to as an environmental impact report under State CEQA regulations--must be prepared in accordance with NEPA and CEQA regulations. In addition to identifying the adverse impacts of the project, the EIS requires full discussion of alternatives to the proposed project or "preferred alternative." Other alternatives must be shown to be less desirable from an environmental standpoint, or if more desirable environmentally, the agency must disclose that it has not chosen the alternative with the least environmental impact.

The Environmental Review Process is Longer Than Necessary

As the State lead agency, Caltrans must produce a draft EIS/EIR outlining all the possible impacts of a project. The draft EIS/EIR is then reviewed by the FHWA for completeness and legal sufficiency. When the FHWA is satisfied that the environmental documents are legally defensible, they assume the role as the "lead agency" for the federal review process. The document is then distributed to, reviewed by, and commented on by all interested State and federal agencies, and the public. Those agencies which have an interest in the project, for instance, because they may need to issue a permit for construction or certify that any adverse environmental impacts have been minimized, comment on the draft report and may request further proof of efforts to minimize environmental harm.

A final EIS is prepared by Caltrans (or if a locally-funded project, reviewed by Caltrans) addressing the substantive comments made by responding agencies. Both the State and federal governments review the final document to ensure compliance with the laws protecting environmental quality.

Although the lead agency produces only one document to satisfy both NEPA and CEQA requirements, the procedures for State and federal review are essentially the same. When Caltrans has completed the review of its own document or has approved a local agency-produced draft EIS, the document is forwarded to the FHWA for further technical and legal review. The document must pass the scrutiny of FHWA legal counsel before it is released to other State and federal agencies for commentary.

For most projects, FHWA staff raise several issues about the EIS which require the lead agency to perform further research or study. In an internal memo, the California Transportation Commission estimated that this process takes an additional four to six months longer than it would if Caltrans were able to obtain from FHWA, self-certification of compliance with environmental regulations. While this responsibility could require additional staff within Caltrans to perform the federal legal sufficiency tests, the process could be streamlined by reducing the consecutive review process. The document could be tested in-house by someone familiar with it, as opposed to the current system wherein review is performed after

Caltrans has already completed the draft, by someone who has little or no familiarity with the proposed project.

Moreover, the FHWA has only two attorneys to perform, among other tasks, the legal sufficiency tests for all the EISs in Region IX. This region includes Arizona, Hawaii, Nevada and California. Typically, Caltrans submits six to eight draft environmental documents and six to eight final documents per year for review. Consequently, there is a backlog, resulting in a bottleneck at the FHWA regional office. This situation will be further exacerbated with the increase in project proposals from the local sales tax initiatives.

There are four counties which have implemented sales tax increases specifically to fund highway projects. These projects are intended to be funded exclusively with local revenue and therefore do not require federal review, except for limited areas where a project adjoins or affects an interstate. However, with the current delay rate of 60 percent for locally financed projects, most local agencies prefer to qualify the entire project for federal funding to guard against future funding shortfalls.

Caltrans Underestimates the Time Required for Environmental Review

The projects in the STIP are experiencing significant delays. Exhibit II.8 displays the projects by district and the percentage that have slipped from the original schedule.

EXHIBIT II.8

PROJECT DELAYS FROM 1985 AND 1986 STIP
(As of August 1987)

District	1985 STIP Projects	Rescheduled To A Later Date	Percent	1986 STIP Projects	Rescheduled To A Later Date	Percent
1	5	3	60	2	1	50
2	5	0	0	3	1	33
3	14	5	36	5	1	20
4	49	26	53	2	2	100
5	6	4	67	0	0	0
6	7	2	29	2	1	50
7	51	12	24	1	1	100
8	11	6	55	0	0	0
9	6	1	17	0	0	0
10	9	5	56	3	1	33
11	8	3	38	0	0	0
TOTALS	171	67	39	18	8	44

SOURCE: California Transportation Commission, August 7, 1987

As Exhibit II.8 illustrates, as of August 1987, 39 percent of the 1985 STIP projects and 44 percent of the 1986 STIP projects had slipped to a later date. The degree of project slippage varies from one district to another, ranging from 0 to 100 percent.

While the reasons for individual project slippage vary, some delay must be attributed to overly optimistic projections of the time required for documentation of environmental analysis. The State and federal environmental laws are designed so that potential adverse environmental impacts can be identified and mitigated before the project is built and the damage is done. Under the current system, Caltrans must wait for FHWA clearance before it can distribute the document to other State agencies for review. Many agencies require additional studies and documentation to assure them that the "preferred alternative" as identified in the EIS is not harmful to the environment and does not destroy historical or cultural

sites. If the project has significant impacts, they want to certify that every effort has been made to minimize adverse effects. It is not uncommon for a State or federal agency to require a study that may take a year to complete before it is willing to issue the necessary permit allowing the construction to begin.

For example, the construction of a new freeway on Route 76 in San Diego experienced 14 months of delay in order to complete studies proving that the project has been designed to minimize impact on the habitat of an endangered bird, called Bell's Vireo, and to further prove that there are no feasible or practicable alternatives. These studies were requested by the FHWA and the U.S. Fish and Wildlife Service.[23]

On Route 1 in Monterey County, circulation of the draft EIS for a new freeway through Hatton Canyon, adjacent to Carmel, stalled for more than four months in order to provide further information to the FHWA legal counsel. The FHWA was not satisfied that the original document proved no practicable alternative to floodplain encroachment.[24]

In Solano County, construction of a four-lane freeway on Route 37 has been held up more than 12 months with no resolution pending. Route 37 was originally intended to traverse a section in the northern part of Vallejo. Several years ago a levee failed along the Napa River and created an area of wetland on the proposed route. The area is now under the jurisdiction of the Bay Conservation and Development Commission (BCDC). The BCDC has not been convinced that construction of a road through this wetland is the best alternative and has therefore withheld the permit.[25]

Under the current system of project development, some of the agencies responsible for requiring proof of environmental or historical data are not notified early enough in the process. All agencies that may have an interest could be contacted at the outset of a project to allow the lead agency to seek out the concerns of natural resource and preservation agencies as early as possible. Early interaction with involved agencies would allow Caltrans to plan for certain studies or mitigation factors when determining the project delivery timetable.

A federally proposed "one-stop" environmental process seeks to bring together all interested agencies, both State and federal, at the earliest possible stage of a project, to avoid unforeseen delays due to documentation requests. The proposed early scoping meetings would allow all the agencies involved to share information on the project and express their concerns so that Caltrans could gauge how much time the environmental clearance process will require. The "one stop" process is being used informally on the Benicia-Martinez Bridge project. According to Caltrans'

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[23] Office of Environmental Analysis, Caltrans, January 1988.

[24] Office of Environmental Analysis, Caltrans, January 1988.

[25] Office of Environmental Analysis, Caltrans, January 1988.

Office of Environmental Analysis, the "one-stop" process is receiving positive reviews from all agencies involved.

Statutory Exemption Requirements are Overly Restrictive

Both the State and federal governments exempt some project categories from the environmental process if they do not have a significant impact on the environment. Typically, the environmental assessment of these projects yields a Finding of No Significant Impact (FONSI) in federal terms, and a Negative Declaration in State terms. Although these documents are shorter than an EIS, they still require a minimum of five months to complete. Once a project is listed as exempt, a formal assessment and the preparation of a FONSI and Negative Declaration report is not necessary. Until recently, both State and federal agencies were restricted to exempting only project categories specifically listed in Statute. However, the federal law was recently broadened to provide general guidelines for exemption and greater flexibility than the State.

Under the newly amended federal regulations, effective November 27, 1987, the division office of the FHWA has been granted more discretion in determining whether a project may be categorically excluded from the federal environmental process. In an effort to "streamline regulations and reduce red tape" the new federal regulations use more broadly defined criteria as well as examples of typical projects instead of comprehensive lists.[26] This procedure allows the FHWA to consider exclusions for actions not previously listed, on a case-by-case basis. The new federal regulations suggest that many forms of construction may be exempt if they are within the existing transportation corridor and do not require acquisition of new right of way. Caltrans is optimistic for example, that the addition of a new lane on a congested section of freeway would be qualified for exclusion from federal NEPA review if it were within the existing corridor.

Under State law, however, the types of projects that can be exempted from the environmental process must be specifically listed in statute. Thus, while federal law provides more latitude in determining which projects may be categorically excluded, the State is restricted to granting statutory exemptions only for projects on the list. For example, the addition of a new lane on a congested section of a freeway, as mentioned above, would not be excluded from CEQA. Caltrans' Office of Environmental Analysis has estimated that there may be as many as 40 projects in the 1987 STIP that fit this description. These projects will require production of a negative declaration to comply with State law, but will probably be categorically excluded from federal environmental analysis. Ability to exclude projects that have historically required only Negative Declarations and FONSI would not only streamline the construction of those projects, but would also free needed personnel to concentrate on more complex projects with significant environmental impacts.

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[26] Department of Transportation, Part II, Federal Register, Volume 52, No. 167, August 28, 1987, page 1.

The cumulative effect of the conditions surrounding the environmental review process is an unwieldy and cumbersome procedure which results in delivery delays and increased costs. The California Transportation Commission has indicated that "the exact cost of environmental requirement is hard to figure, but a range of $50 to $100 million per year is probably a good estimate." Thus, mechanisms to streamline this process could result in cost savings to the State while maintaining the integrity of the environment.

FUNDING

FINDING #6 - State Funding Available for Transportation is Inadequate

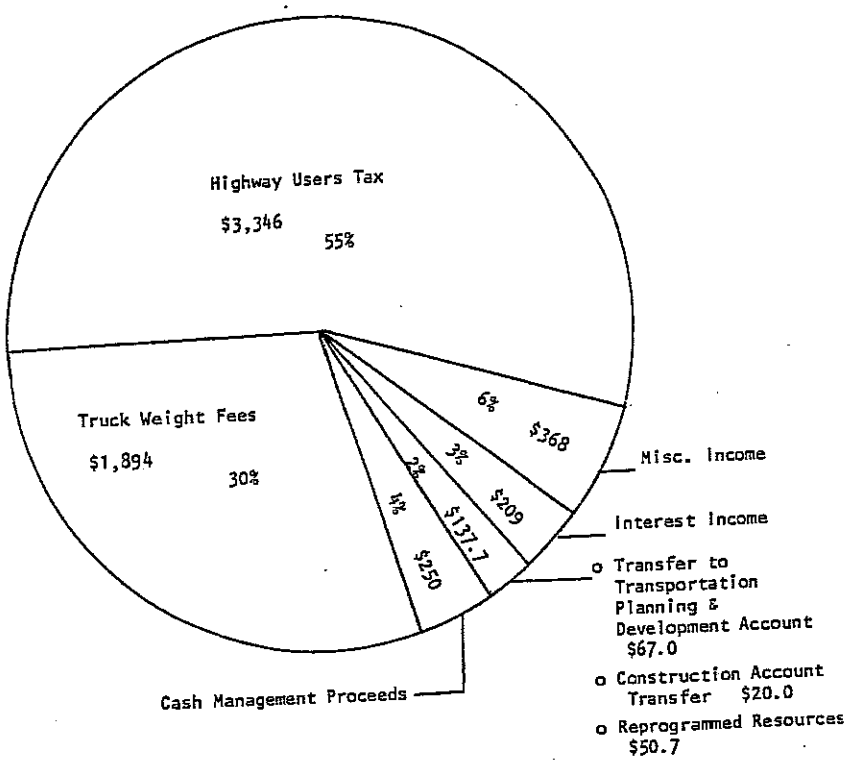
The State gasoline tax and truck weight fees are the major sources of State funding for transportation in California. However, over the last 20 years, the funding available for transportation has not kept up with inflation. In addition, many freeways are now older than their 20-year design life and need major maintenance and rehabilitation work. The age of some highways, coupled with the fact that Californians are traveling more vehicle miles, has resulted in an increased need for highway construction in the State. Without additional long-term funding to construct needed highway improvements, the State's highway system will be further impaired and the State's economic prosperity will be jeopardized.

Sources and Uses of State Highway Funding

State revenue is generated through a variety of mechanisms. The primary source of the State's highway funding comes from the State's share of the nine-cents-per-gallon State excise tax on gasoline. Senate Bill 215, Chapter 541, Statutes of 1981, which increased the gasoline tax from seven-cents-per-gallon to nine-cents-per-gallon, also increased truck weight fee schedules and directed that the resulting increased revenues be transferred into the Highway Account to offset truck impacts on the highway system. Exhibit II.9 displays the State Revenue Sources available for transportation.

EXHIBIT II.9

STATE REVENUE RESOURCES
1988 FUND ESTIMATE
Fiscal Year 1988-89 through 1992-93
(In Millions of Dollars)



Source: Department of Transportation Fund Estimate, dated November 6, 1987.

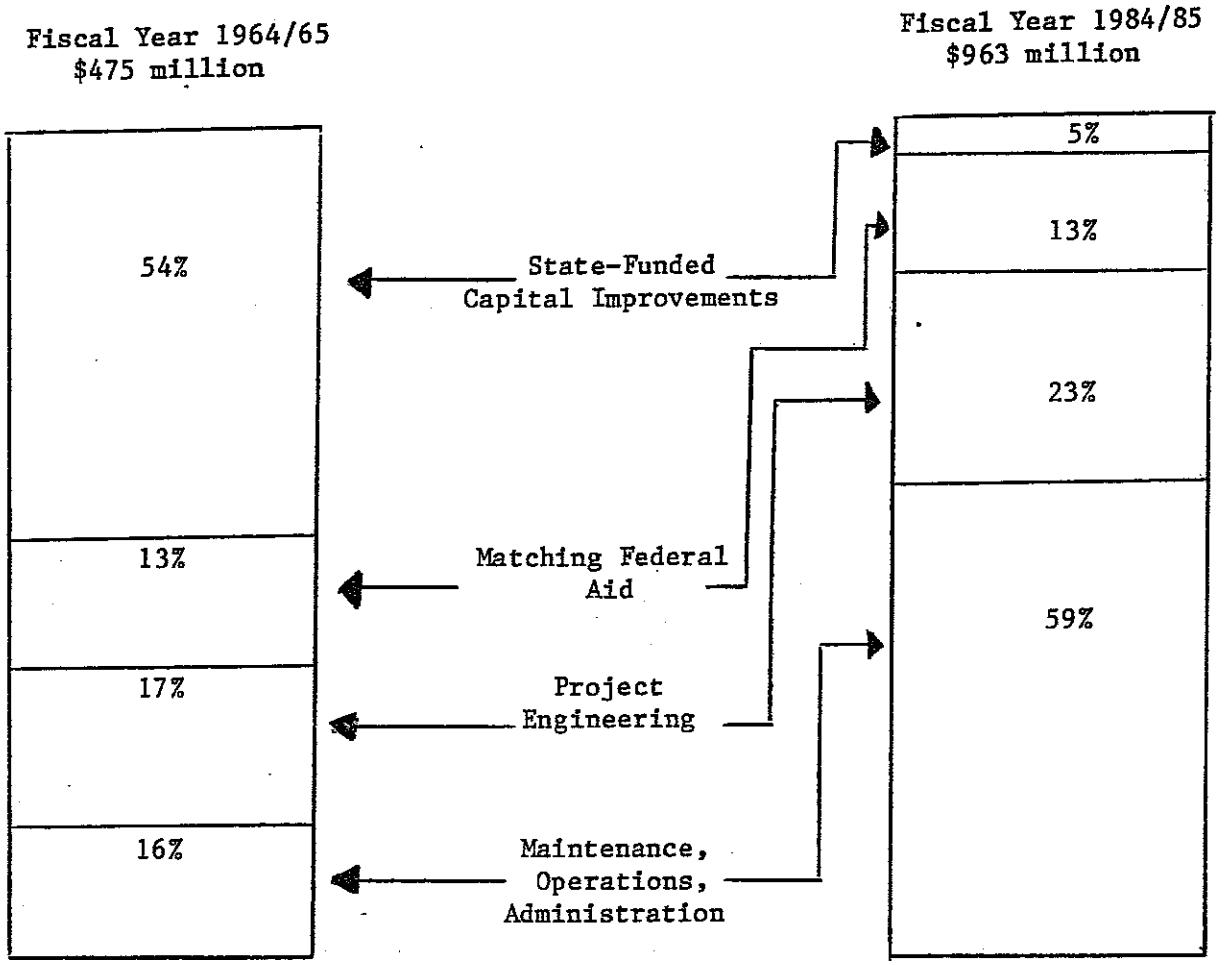
As Exhibit II.9 illustrates, the major source of State highway revenues is the highway user tax which accounts for $3.3 billion of the total $6.2 billion in State revenue, or 55 percent over the five-year STIP period. The second largest source of revenue is from Truck Weight Fees, which provided $1.9 billion of revenue or 30 percent. In addition, a variety of other sources provide the remaining 15 percent of the State's highway revenues.

State funding is the most flexible source of revenue and can be used for virtually any improvement to the State highway system. However, approximately 60 percent of the State generated funds are used for support activities and operations that are for the most part ineligible for federal funding.

Exhibit II.10 displays the shift in expenditures of State Highway Revenue over the last 20 years.

EXHIBIT II.10

COMPARISON OF CALTRANS EXPENDITURES
OF STATE HIGHWAY REVENUES
BETWEEN 1965 AND TO 1985



Source: Hugh Fitzpatrick, Irvine Company--from California Division of Highways Report to Governor in 1964 and from Governor's 1984 Budget.

Exhibit II.10 shows that the percentage of State funding expended for maintenance, operations and administration has increased from 16 percent of the total State highway revenue to 59 percent during the 20-year period from fiscal year 1964/65 to 1984/85. Further, it demonstrates that State-funded capital improvements accounted for only five percent of the total State expenditures in fiscal year 1984/85. Whereas, in fiscal year 1964/65, these improvements comprised 54 percent of expenditures.

Since 59 percent of the funding in fiscal year 1984/85 went for maintenance, operations and administration, only 41 percent of the State funds are available for specific capital outlay projects.

Funding Decline

Funding available for transportation programs has declined steadily over the last 20 years due to inflation. The California Transportation Commission indicates that:

> the consumer price index today is 325 percent of its 1965 level. Most of the freeways in the State, which in the mid-1960s were less than 10 years old are now older than their 20-year design life and are in need of major maintenance and rehabilitation work periodically. The maintenance budget funded entirely with State funds has grown almost tenfold, from $55 million in 1965 to $500 million today. The rehabilitation program, essentially non-existent in 1965, now costs $150 million per year.[27]

In 1965, the State's gasoline tax was seven cents per gallon. Currently, this same tax is nine cents per gallon, an increase of 30 percent in comparison to the 225 percent increase in inflation during the same time period. For a decade the fuel consumption per mile of travel has decreased, while the costs of road maintenance and improvements have increased. This phenomenon has created a widening gap between revenues and expenditures. For example, from 1978 to 1986, the annual per capita gasoline use decreased from 520 gallons to 450 gallons.[28]

Thus, the State highway revenue has not kept up with inflation either in consumer prices or highway construction costs. These revenues have not kept up with traffic volume, population growth or personal travel. After considering the impact of inflation and fuel economy, it is clear that the amount paid by each motorist has decreased considerably. In constant dollars, the average motorist paid 1.8 cents per mile in 1965 and is only paying .6 cents per mile in State gasoline tax today. Between 1975 and 1985, although travel in California increased 56 percent, fuel consumption only increased 21.5 percent. The trend continues with estimates suggesting that there will be a 30.5 percent increase in overall travel by the year 2000, but only a 21 percent increase in fuel consumption.[29]

Thus, State funding for needed highway improvements has lagged behind what has been necessary. Since the Proposition 4 spending limitation of 1979,

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[27] Fourth Annual Report to California Legislature, California Transportation Commission, December 1987, page II-7.

[28] Third Annual Report to California Legislature, California Transportation Commission, December 1986, page I-5.

[29] "California Congestion: Its Effects Now and in the Future," TRIP, Washington, D.C., May 1987, page 8.

the State's ability to increase expenditures for transportation is severely limited. Thus, a Statewide tax for transportation is not practical as long as the Proposition 4 spending limitation is in place.

The Legislature is currently considering a measure to provide a $1.8 billion revolving bond measure for transportation. The benefit of this measure would be that payments for principal and interest for these bonds would not be subject to the State appropriation limit. Thus, the State would be provided with flexibility to increase expenditures for transportation, increase user fees for this purpose and comply with the State appropriation limitation.

Similarly, a Statewide ballot initiative has qualified for the June 1988 ballot. This initiative would dedicate certain taxes for transportation spending and exempt such revenues from the Proposition 4 spending limit.

The Proposition 4 spending limitation of 1979 constrains State expenditures even if funding is available. Unless the voters elect to raise the spending limitation, any tax increase, including a gasoline tax increase for transportation, would not be viable since the money could not be spent. Therefore, the bond measure provides a viable short-term approach to highway financing. Since bonds must be repaid within a three to five-year period to be cost effective, it is clear that a long-term stable solution to financing transportation in California must still be obtained. Without adequate transportation financing, the economic and social future of California will be impaired.

FINDING #7 - Current Funding Allocation Requirements Hinder the Effective Allocation of State Highway Funds

The State of California currently has in place various funding allocation requirements, including a North/South Split and a county minimum allocation, which were enacted in an attempt to ensure funding equity in the State. However, due to the federal funding constraints and other funding considerations, these funding allocation requirements do not result in an equitable highway funding distribution. Moreover, the funding allocation requirements inappropriately skew funding and do not provide sufficient funds to carry out the State's highest priority projects.

North/South Split and County Minimums

Section 188 of the Streets and Highways Code requires that 60 percent of eligible funding be expended annually in California's 13 southern-most counties and the remaining 40 percent be expended in the northern 45 counties. Funds that must be so divided include most federal funds and all State Highway Account funds from State sources. In addition to the North/South Split, a minimum level of revenue must be allocated to each county.

When Senate Bill 215 became law in 1981, it restructured the requirements that govern the allocation of State Highway Account Funds. Previously, 70 percent of capital outlay expenditures from the Highway Account were divided among the 12 Caltrans districts based upon a study of transportation needs prepared by Caltrans every four years.

These "district minimums" were replaced with 58 "county minimums" in 1981. The basis of allocation was changed from a needs study developed by Caltrans, to a formula that was intended to return a high proportion of transportation revenue to its county of origin with 75 percent of the allocation based on county population and 25 percent based on miles of State highway centerline in each county.

Along with the 58 required county minimum allocations, the law provided the CTC with some discretion in allocating funding. While 70 percent of the highway and guideway capital outlay expenditures are required to be distributed among all 58 counties, the remaining 30 percent can be programmed at the Commission's discretion.

While the law stresses the need for equitable distribution of funding to the 58 counties and allows for State priorities through the discretionary authority available to the CTC, in reality it attains neither. Because the county minimum allocation formula permits much less flexibility than did its predecessor, the district minimums, and because the available funds are very limited, the objective to provide sufficient funding to establish State priorities is sacrificed. In fact, because of county minimum requirements and other restrictions of funding, there is no funding available for high priority projects over and above each county's minimum allocation. The principal reason for this is that not all counties are equally eligible to receive all categories of funding. The total $1.184 billion of California's Interstate Funding in the 1987 STIP can be spent in

only seven counties.[30] In all, only 29 of the 58 counties are eligible to participate in interstate programs because they have interstate routes within the county.

The remaining capital outlay funds available in the 1987 STIP must be used to comply with the county minimum allocations in the other 51 counties. As a result, there are insufficient funds available for meeting all minimums in the remaining counties. Thus, Caltrans has been unable to meet the county minimums for either the first five-year period ending fiscal year 1987/88 or the next five-year period ending fiscal year 1992/93.[31]

A report prepared by the California Transportation Commission entitled, Evaluation of County Minimum Allocation Requirement and Alternative Geographic Allocation Areas, concluded that the county minimum requirement is "too fragmenting and restrictive, in the light of other restrictions on capital outlay funds. County minimum allocations prevent the use of California's transportation funds for the State's most important projects. Because of the other restrictions, most county minimums cannot be met."[32]

Conflict Between Interstate Program and County Minimums

Funds for the Interstate system represent the largest single element of the five-year State Transportation Improvement Program (STIP). However, the Interstate funds are restricted to half of California's 58 counties. Because California's interstate system includes relatively few routes, most counties are unable to compete for these funds.

Exhibit II.11 displays the counties receiving interstate funding during the 1987 STIP period.

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[30] Division of Highways and Programming, Caltrans, January 1988.

[31] Ibid.

[32] Evaluation of County Minimum Allocation Requirements and Alternative Geographic Allocation Areas," California Transportation Commission, February 1982, p.8.

EXHIBIT II.11

COUNTIES WITH
INTERSTATE FUNDING IN THE 1987 STIP

County	Dollars (in millions)	Percent of Total Funding
Alameda	30.6	2.6
Contra Costa	182.2	15.4
Los Angeles	932.0	78.7
Riverside	1.4	.1
San Bernardino	1.9	.1
San Diego	3.1	.3
Santa Clara	33.4	2.8
TOTALS	1,184.6	100.0

Source: Caltrans' Division of Highways and Programming

As Exhibit II.11 illustrates the 1987 adopted STIP contains $1.184 billion in interstate projects, or 30 percent of the STIP's total $3.895 billion for highway capital outlay. Specifically, this shows that of the seven counties receiving interstate funding, two will receive 94 percent of the total funds, while the other five "Interstate" counties will divide the remaining six percent for minor rehabilitation and operational improvements.

The impact of the Interstate program is devastating to the achievement of minimum allocations in the other 51 counties. Interstate funding causes minimum allocation levels for all counties to be much higher than feasible because the total funds are greater. In addition, 51 counties will not participate in the Interstate program in the adopted 1987 STIP and another 5 counties participate in less than 6 percent of the total Interstate program. As a result, 56 counties are able to compete for only 70 percent of the total funding. Thus, there is not enough non-interstate funding to meet county minimums. Because Interstate funding is predominant in the STIP, 26 counties will not receive their minimum allocations in the 1988 STIP for the first quinquennium ending 1987/88 and 28 counties will not receive their county minimum in the second five-year period.[33]

In addition to county minimums and the north/south split, the rehabilitation program is increasing each year leaving a reduced percentage of funding for capital outlay. Expenditures for the highway rehabilitation

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[33] Division of Highways and Programming, Caltrans, January 1988.

program total $908 million[34] in the 1987 five-year program. Unlike funds for new facilities and operational improvements, regional agencies and county transportation commissions do not program or directly compete for rehabilitation funds. The law specifically prohibits regional agencies from programming rehabilitation funds to insure that the rehabilitation of the State highway system is centrally monitored, coordinated and executed. Given the multi-billion dollar investment in the State's highway system, its timely maintenance and rehabilitation is essential to the system's longevity and protection of the State's investment.

Rehabilitation funds are not spent in relationship to population and State highway miles, however, the amount spent in each county on rehabilitation is counted towards that county's minimum. Thus, counties with large rehabilitation programs have less opportunity for new capacity expanding projects or operation improvements necessary for congestion relief.

While both the north/south split and county minimum requirements appear to be achievable in theory, in practice they are not. The growing emphasis on rehabilitation and operational improvements exacerbates this problem making these geographic constraints even less workable.

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[34] 1987 Adopted STIP.

FINDING #8 - The State Has Not Developed a Position for Long-Term Federal Funding After the Completion of the Interstate Program

The federal government's interstate program which is responsible for building major federal highway projects, will be completed in 1992. At that time, the federal government will determine the structure, emphasis and shape of the federal highway program for the future. Currently, three major alternatives for post-interstate funding are being considered, however, the State of California has not developed a position on which alternative it favors. Without advocating an alternative favorable to California, the State may continue to receive less than its "fair share" of the federal gasoline tax revenues it generates once the federal interstate program ends.

Alternatives for the Federal Highway Program

Although the deadline for completing the interstate system has been extended to 1992, the future role of the federal government in highway financing must be addressed. Federal funding is the primary funding source for highways in California with approximately $6 billion or 50 percent of total funding provided from the Federal Highway Trust over the 1987 STIP period. Thus, federal funding impacts the State's priorities and funding distribution significantly and affects California's ability to determine its own priorities for highway improvements.

There are basically three alternatives being considered for post-interstate funding. The first alternative is funding based on a system of national significance. This option would include federal funding for a newly defined system incorporating all interstate routes and many primary routes. Thus, FHWA would continue to be involved in establishing standards and approving projects. The advantage of this approach is that it would expand the federal involvement in the system by including key primary routes into the federal program. Unfortunately, the uncertainties over federal spending authority would continue under this option.

The second option would be a limitation or rollback of the federal program. This would limit the federal involvement to that of repairing the interstate system and transferring the remaining funds to the states. In this alternative, most of the revenue currently collected by the federal government would remain in California to be spent on Statewide priorities. A rollback of this nature would eliminate delays in processing and distributing funds.

And finally, the third option being considered would be block grants of federal funds to states. This alternative would alleviate many of the problems associated with funding constraints and limitations caused by categorical programs. Under this scenario, government block grants would be provided by the federal government to each state.

Unfortunately, with Caltrans, the California Transportation Commission and the regional agencies each taking their own independent position regarding the federal program, a unified voice has not been presented to the federal government. The Highway Users Federation, American Association of State Highway and Transportation Officials (AASHTO), and state transportation

departments throughout the nation are sponsoring a series of forums with the goal of developing a national consensus on federal highway programs. However, the Statewide position has not been addressed by the Governor and the Legislature.

Over the past 20 years, Californians have contributed $15,379,899 to the highway trust fund, while the return to the State has been only $13,781,177.[35] Thus, California has been donating 11 percent of gas tax generated in California to other states. Without a Statewide position, California may continue to be a donor State receiving less than its "share" of funding available for the highway system.

Any new federal program should be encouraged to sustain the interstate system, assist in building rural development systems, and provide Californians with their "share" of the gasoline tax revenue.

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[35] Highway Statistics 1985, Federal Highway Administration, U.S. Department of Transportation, page 46.

III. CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the Commission's overall conclusions and recommendations regarding its study of California's transportation system.

CONCLUSIONS

California is on the verge of a transportation crisis which will affect the economic prosperity of the State. Even though the Governor and the Legislature have recognized that the transportation system is the life support system of the State by committing $2.7 billion per year to develop and maintain the transportation system, we find our transportation needs soaring while our resources are eroded by inflation, delivery delays and cost increases.

The Commission believes that without major new funding and staffing commitments, the State will not be able to compete effectively with other states in attracting new businesses. Further, the Commission is concerned that loss of industry to California, such as the recently publicized Sematech Corporation which elected to locate in Texas rather than San Jose, will become the norm if California's transportation crisis is not adequately addressed.

The Commission's study also demonstrated that the resources in the State Budget do not reflect the resource requirements in the State Transportation Improvement Program (STIP). As a result, staffing levels approved by the Legislature and the Governor do not relate to project delivery schedules and funding commitments adopted by the California Transportation Commission. Thus, the STIP overcommits transportation funding and establishes unrealistic project schedules. This results in project delays and increased project costs.

The study also found that the State's funding available for transportation is inadequate to meet California's transportation needs. With a greater proportion of funding currently being used for maintenance of existing highways, there is insufficient funding for new capital outlay projects that are necessary to relieve traffic congestion and meet increasing traffic demands.

The Commission study revealed that congestion and urban gridlock cannot be relieved immediately by building new highways or major transportation improvements. Low-cost operational improvements and transportation system management techniques similar to those implemented during the Olympics are the only viable options for immediate congestion relief. Thus, without aggressively pursuing each of these techniques, the economic growth of California will be hindered.

The study also demonstrated that allocation constraints such as the north/south split and county minimum allocations do not provide equity, but rather tend to skew the State funding priorities. This results in highway projects being selected based on a rigid and outmoded formula rather than on the merit or need for a particular highway project.

The Commission also found that the environmental process could be streamlined to alleviate certain project delivery delays and the resulting cost increases. For example, the review process is longer than necessary because the Federal Highway Administration reviews the document subsequent to the Caltrans review. This two-tier process results in four- to six-month delays for each project. Moreover, the State's criteria for exempting projects from the environmental process is too restrictive. Thus, some project categories that are exempted from the federal process are not statutorily excluded from the State process. This results in additional time delays and costs in highway project approvals.

The Commission determined that the State of California must develop a unified position regarding the post-interstate program which will be implemented when the federal Interstate system is completed in 1992. Given that the federal program has a tremendous impact on the State's priorities and funding mechanisms, it is essential that California's transportation representatives transmit a unified position to Washington, D.C. so that the State can obtain favorable funding after 1992.

In addition, our review revealed that lack of long-term planning by the State for its highway system may lead to additional transportation problems in the future. Without adequate planning, resources may not be spent as effectively as possible and right of way necessary for future highway projects may not be preserved. As a result, transportation projects may not be available when the need for them exists in the future.

RECOMMENDATIONS

The Commission recommends that the Governor and the Legislature take specific short-term and long-term actions to address the problems of the State's transportation crisis that are presented in this report. The Commission believes that it is essential that the short-term recommendations be implemented immediately to address the urban gridlock dilemma that many communities are currently facing. In addition, the long-term recommendations are needed because they will improve the development of the State's transportation system over the next 5 to 40 years. This is essential for continued growth and prosperity in California. The Commission's short-term and long-term recommendations are presented separately in the following sections.

Short-Term Recommendations

1. The Governor and the Legislature should aggressively pursue options to reduce congestion in urban areas. Urban and suburban counties that implement transportation systems management techniques should be given priority in funding and programming during the State Transportation Improvement Program process. Urban and suburban areas should be required to implement a Transportation Systems Management Plan prior to the receipt of State funding. Specifically, the plan should set forth detailed objectives for achieving reductions in peak hour trips through

various methods. These methods should include, but not be limited to the following:

- o Use of carpools and vanpools;
- o Use of mass transit;
- o Implementing alternate work schedules to spread peak periods;
- o Developing proposals to increase existing roadway efficiency by restriping channelling traffic and signal systems; and
- o Providing tax incentives for businesses that implement mechanisms to reduce peak hour trips.

2. Programs such as the SMART Street program and low-cost operational improvement should be given high priority during the legislative and the State Transportation Improvement Program process. These programs provide for the efficient use of existing freeways and nearby arterials.

3. The Governor and the Legislature should permit the Department of Transportation to contract out for project development activities. Contracting out would allow Caltrans to be more responsive during peak workload periods resulting from local sales tax initiatives and developer financed projects. [Note: during the course of the Commission's study, the Legislature passed and the Governor signed SB 516 (Bergeson), Chapter 9, Statutes of 1988. This measure was signed into law on February 10, 1988.]

4. Caltrans should continue to encourage cities and counties to contract out project development activities to qualified private engineering firms whenever necessary. This should be permitted through cooperative agreements with the Department and local public agencies that are undertaking and funding development activities for State highway projects.

Long-Term Recommendations

5. The Governor and the Legislature should establish a Blue Ribbon Ad Hoc Commission on transportation. The Commission should examine the long-term needs of the State transportation system and should develop a strategic plan for the State transportation system through the year 2010. This plan should include recommendations for structural and procedural changes necessary to ensure adequate financing for, and timely completion of, State transportation projects, and would specify what the State's role should be to facilitate these goals. After completion of its review and recommendations to the Governor and the Legislature, the Commission would be repealed. [Note: during the course of the Commission's study, the Governor signed Executive Order D-69-88, which established an interagency task force to address

delays in highway project delivery. This Executive Order was signed on February 10, 1988.]

6. The Governor and the Legislature should restructure the county minimum formula. The county minimum allocation formula should be based on two sets of criteria as follows:

   - For counties eligible for interstate funding, county minimums should include a pro rata share of Federal and State funding.

   - For counties that are not eligible for interstate funding, county minimums should be based on Federal and State funding excluding interstate.

7. The Governor and the Legislature should modify the county minimum allocation for all counties to exclude expenditures necessary for safety and support costs. Rather, county minimum allocations should be based on right of way, rehabilitation and construction costs only.

8. The Governor and the Legislature should expand the criteria for projects eligible for statutory exemption from the environmental clearance process. The current list is overly restrictive and allows only those projects explicitly listed to be statutorily exempt. Projects which do not individually or cumulatively have a significant impact on the environment should be eligible for statutory exemption.

9. The Governor and the Legislature should exempt highway projects that expand the capacity of existing highways and that do not require acquisition of new right of way from the environmental clearance process. These projects could include lane additions and interchange modifications within the highway corridor.

10. The Governor and the Legislature should seek a federal demonstration project that would delegate authority for review and approval of the National Environmental Policy Act documents to the State. This project should demonstrate that the State's review process is sufficient to ensure adequate consideration of these environmental requirements without a secondary review by the Federal Highway Administration. Caltrans has developed a list of projects that could be used for the demonstration project. The list of potential demonstration projects consists of 17 projects ranging in cost from $38.8 million to $279 million.

11. The Governor and the Legislature should direct Caltrans to undertake a study to further streamline the environmental clearance process, both internally and externally. The study should focus on the ability of Caltrans to eliminate time consuming layers of review and approval and should consider, but not be limited to the following:

- Delegating authority for approving interim documents to district management and to district coordinators who are knowledgable of and experienced in environmental review; and

- Establishing procedures to fully inform consultants and local agencies of the environmental process requirements before project development begins.

Caltrans should complete its study and present recommendations to the Legislature on ways to improve the efficiency of the environmental review process for State highway projects by January 1, 1990.

12. The Department of Transportation should develop and implement a long-range planning process that will allow the State in cooperation with local and regional agencies to project future transportation needs. This process should include:

    - Statewide growth forecasts and development objectives for a 20 to 30-year period;

    - A system for assessing short-term and long-term deficiencies in the State's highway system; and

    - An improved mechanism for setting Statewide priorities between transportation modes.

13. The Governor and the Legislature should modify the State Transportation Improvement Program process to allow for better coordination with the budget process. Specifically, the adoption of the STIP should be delayed from July 1 to October 1 to allow for coordination of staffing levels with project delivery. Escalation rates should be adopted in November of each year. The Fund Estimate and Updated STIP should be developed by January 15 with adoption by February 15. The PSTIP, or proposed STIP, should be presented by June 1 with public hearings during August and the adoption of the STIP should occur by October 1. In addition, the budget year should be removed from the five-year STIP period and should appear as the pre-STIP period year.

14. The Governor and the Legislature should address the long-term state funding shortfall. State funding sources should be enhanced on an ongoing basis to prevent deterioration of the State Highway System and relieve traffic congestion in urban areas.

15. The Governor and the Legislature should empower the Commission on State Finance with the authority to review and approve the inflation rates for development of the State Transportation Improvement Program. The inflation rate should not fluctuate per year but rather be based on an average applied to the entire STIP period.

16. The Legislature should adopt a Joint Resolution stating California's preferred federal program after completion of the interstate program in 1992. The preferred federal program should grant the greatest flexibility to the State and should further seek to provide California with its "fair share" based on revenues collected within the State. This resolution should be transmitted to Congress.

APPENDIX A

1988 STIP Fund Estimate

11/6/87
Rev. Mgt.
Branch

1988 STIP FUND ESTIMATE ($1,000,000)
ESTIMATED STATE FUNDS (SHA)
BASED ON TRENDS AND EXISTING LAW

PRELIMINARY

SHA II
1988 STIP FE

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESERVED ST. MATCH	GRAND TOTAL
STATE RESOURCES:									
Begining Reserve	$450.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cash Management Proceeds	0.0	250.0	0.0	0.0	0.0	0.0	250.0	0.0	250.0
Highway User's Tax	638.0	648.0	658.0	667.0	680.0	693.0	3,346.0	0.0	3,346.0
Truck Weight Fees (Net)	326.0	342.0	359.0	378.0	397.0	418.0	1,894.0	0.0	1,894.0
Interest Income	64.0	53.0	42.0	40.0	38.0	36.0	209.0	0.0	209.0
Miscellaneous Income	69.0	71.0	72.0	74.0	75.0	76.0	368.0	0.0	368.0
TP & D Transfer	(14.0)	(14.0)	(13.0)	(13.0)	(13.0)	(14.0)	(67.0)	0.0	(67.0)
Construction Account Transfer *	(50.0)	4.0	4.0	4.0	4.0	4.0	20.0	0.0	20.0
Reprogrammable Resources	14.6	9.8	7.3	13.4	14.2	6.0	50.7	0.0	50.7
TOTAL STATE RESOURCES	*$1,497.6*	*$1,363.8*	*$1,129.3*	*$1,163.4*	*$1,195.2*	*$1,219.0*	*$6,070.7*	*$0.0*	*$6,070.7*
EXPENDITURES:									
Project Support	$265.0	$340.0	$354.0	$367.0	$382.0	$397.0	$1,840.0	$0.0	$1,840.0
Local Assistance & FASX	64.0	42.0	42.0	43.0	43.0	43.0	213.0	0.0	213.0
State Maintenance	465.0	484.0	503.0	523.0	544.0	565.0	2,619.0	0.0	2,619.0
Administration	114.0	124.0	129.0	134.0	139.0	145.0	671.0	0.0	671.0
Operations	51.0	70.0	67.0	70.0	73.0	76.0	356.0	0.0	356.0
Program Development & Misc.	11.0	11.0	12.0	12.0	12.0	12.0	59.0	0.0	59.0
State Match For C/O	139.2	84.4	89.6	95.7	96.2	126.4	492.3	28.0	520.3
TOTAL NONCAP. EXPENDITURES	*$1,109.2*	*$1,155.4*	*$1,196.6*	*$1,244.7*	*$1,289.2*	*$1,364.4*	*$6,250.3*	*$28.0*	*$6,278.3*
FUNDS AVAILABLE FOR C/O PROGRAMMING:	***$388.4***	***$208.4***	***($67.3)***	***($81.3)***	***($94.0)***	***($145.4)***	***($179.6)***	***($28.0)***	***($207.6)***
COMMITTED C/O:									
GUIDEWAY PROGRAM:	$31.9	$9.9	$5.4	$93.0	$93.0	$0.0	$201.3	$0.0	$201.3
HIGHWAY PROGRAM:									
* Land & Buildings	$22.9	$4.9	$9.8	$7.3	$6.8	$8.0	$36.8	$0.0	$36.8
* R/W Reservation	0.0	14.9	3.0	3.0	3.0	3.0	26.9	0.0	26.9
* Minor Reservation	48.7	47.9	49.7	51.5	53.8	56.1	259.0	0.0	259.0
* Rehabilitation & Reservation	4.8	18.8	7.5	3.0	3.1	5.4	37.8	0.0	37.8
* Saftey & Reservation	1.3	4.2	1.8	1.2	1.7	2.1	11.0	0.0	11.0
Operational Improvements	26.2	2.3	2.3	1.1	0.0	0.0	5.7	0.0	5.7
New Facilities	46.3	19.8	11.8	7.9	16.2	0.0	55.7	0.0	55.7
Total Highway Program	$150.2	$112.8	$85.9	$75.0	$84.6	$74.6	$432.9	$0.0	$432.9
TOTAL COMMITTED C/O	*$182.1*	*$122.7*	*$91.3*	*$168.0*	*$177.6*	*$74.6*	*$634.2*	*$0.0*	*$634.2*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$206.3***	***$85.7***	***($158.6)***	***($249.3)***	***($271.6)***	***($220.0)***	***($607.5)***	***($28.0)***	***($635.5)***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans To Fed. Categories	(118.3)	(241.5)	(170.9)	(24.1)	(35.7)	0.0	(590.5)	0.0	(590.5)
C/O AVAILABLE TO BID POT	*$88.0*	*($155.8)*	*($329.5)*	*($273.4)*	*($307.3)*	*($220.0)*	*($1,198.0)*	*($28.0)*	*($1,226.0)*

* Chapter 505,1987 (AB366) - One-time appropriation for loans to local governments for improvements to the State Highway System, to be repaid through interest earned.

EXHIBIT 2

APPENDIX A

11/6/87
Rev. Mgt.
Branch

SHA I
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
SUMMARY - ALL FEDERAL - (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$126.6	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$413.3	$413.3
Pre-Obligation	57.6	44.4	27.1	26.0	19.3	1.5	118.3	0.0	118.3
Apportionment/Allocation	1,340.4	1,036.6	1,035.1	1,074.1	1,034.4	1,063.3	5,243.5	0.0	5,243.5
State Match	139.2	84.4	89.6	95.7	96.2	126.4	492.3	28.0	520.3
Reprogramable Resources	99.0	60.9	62.0	64.1	65.7	68.4	321.1	20.4	341.5
TOTAL FEDERAL RESOURCES	*$1,762.8*	*$1,226.3*	*$1,213.8*	*$1,259.9*	*$1,215.6*	*$1,259.6*	*$6,175.2*	*$461.7*	*$6,636.9*
FED. NONCAPITAL EXPENDITURES									
Local Assistance	$192.6	$191.3	$192.8	$189.7	$152.0	$152.0	$877.8	$177.6	$1,055.4
Highway Planning And Research	16.0	15.4	16.1	16.6	17.1	17.5	82.7	0.0	82.7
Project Support	143.0	149.0	154.0	161.0	168.0	176.0	808.0	0.0	808.0
Other	6.4	7.0	7.0	7.5	8.0	8.0	37.5	0.0	37.5
TOTAL NONCAP. EXPENDITURES	*$358.0*	*$362.7*	*$369.9*	*$374.8*	*$345.1*	*$353.5*	*$1,806.0*	*$177.6*	*$1,983.6*
FUNDS AVALABLE FOR C/O:	***$1,404.8***	***$863.6***	***$843.9***	***$885.1***	***$870.5***	***$906.1***	***$4,369.2***	***$284.1***	***$4,653.3***
COMMITTED C/O:									
* R/W Reservation	$0.0	$10.1	$0.0	$0.0	$0.0	$0.0	$10.1	$0.0	$10.1
* Minor Reservation	9.4	13.9	10.8	11.2	11.7	12.1	59.7	0.0	59.7
* Rehabilitation & Reservation	158.2	178.1	146.5	153.9	164.4	185.8	828.7	0.0	828.7
* Safety & Reservation	36.0	25.4	53.9	22.2	27.1	29.8	158.4	0.0	158.4
Operational Improvements	159.7	61.7	132.1	484.4	208.3	10.6	897.1	0.0	897.1
New Facilities	970.9	605.7	797.4	361.2	331.3	54.5	2,150.1	0.0	2,150.1
TOTAL COMMITTED C/O	*$1,334.2*	*$894.9*	*$1,140.7*	*$1,032.9*	*$742.8*	*$292.8*	*$4,104.1*	*$0.0*	*$4,104.1*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$70.6***	***($31.3)***	***($296.8)***	***($147.8)***	***$127.7***	***$613.3***	***$335.7***	***$284.1***	***$619.8***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.3	$1.3	($1.6)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	118.3	241.5	170.9	24.1	35.7	0.0	590.5	0.0	590.5
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	3.4
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$189.2***	***$211.5***	***($127.5)***	***($123.7)***	***$163.4***	***$613.3***	***$926.2***	***$287.5***	***$1,213.7***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA III
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
INTERSTATE (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	55.6	43.6	24.1	17.2	6.5	1.5	92.9	0.0	92.9
Apportionment/Allocation (1)	571.0	326.8	266.7	266.7	266.7	0.0	1,126.9	0.0	1,126.9
State Match (9.5%)	54.7	29.9	23.3	22.9	22.4	0.0	98.5	0.0	98.5
Reprogramable Resources	50.5	27.6	21.4	21.1	20.7	0.0	90.8	0.0	90.8
TOTAL FEDERAL RESOURCES	*$731.8*	*$427.9*	*$335.5*	*$327.9*	*$316.3*	*$1.5*	*$1,409.1*	*$0.0*	*$1,409.1*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (1.5%)	4.5	4.9	4.0	4.0	4.0	0.0	16.9	0.0	16.9
Project Support	46.0	51.0	42.0	39.0	33.0	32.0	197.0	0.0	197.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$50.5*	*$55.9*	*$46.0*	*$43.0*	*$37.0*	*$32.0*	*$213.9*	*$0.0*	*$213.9*
FUNDS AVALABLE FOR C/O:	***$681.3***	***$372.0***	***$289.5***	***$284.9***	***$279.3***	***($30.5)***	***$1,195.2***	***$0.0***	***$1,195.2***
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	1.9	1.3	2.1	0.9	1.9	0.0	6.2	0.0	6.2
• Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	56.3	26.0	94.1	404.3	181.4	5.3	711.1	0.0	711.1
New Facilities (2)	449.9	135.0	324.3	117.8	73.2	0.0	650.3	0.0	650.3
TOTAL COMMITTED C/O	*$508.7*	*$162.3*	*$420.5*	*$523.0*	*$256.5*	*$5.3*	*$1,367.6*	*$0.0*	*$1,367.6*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$172.6***	***$209.7***	***($131.0)***	***($238.1)***	***$22.8***	***($35.8)***	***$0.2***	***$0.0***	***$0.2***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	*$172.6*	*$209.7*	*($131.0)*	*($238.1)*	*$22.8*	*($35.8)*	*$0.2*	*$0.0*	*$0.2*

(1) Includes $200 million in Interstate Discretionary (ID) funds and $70 million in ID on LA 110.
(2) Includes all projects needed to complete the Interstate system; including $459.4 M in unprogrammed projects; $29.7 M in 88/89, $47.2 M in 89/90, $250.4 M in 90/91, $132.1 M in 91/92. Related IR projects valued at about $50 M must be added in the PSTIP.

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA IV
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
INTERSTATE 4R (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance (1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$200.2	$200.2
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	246.6	246.6	246.6	246.6	246.6	246.6	1,233.0	0.0	1,233.0
State Match (11.0%)	22.9	22.6	22.4	22.3	22.1	21.9	111.3	22.0	133.3
Reprogramable Resources	18.5	18.3	18.1	18.0	17.8	17.7	89.9	17.8	107.7
TOTAL FEDERAL RESOURCES	*$288.0*	*$287.5*	*$287.1*	*$286.9*	*$286.5*	*$286.2*	*$1,434.2*	*$240.0*	*$1,674.2*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (1.5%)	3.7	3.7	3.7	3.7	3.7	3.7	18.5	0.0	18.5
Project Support	35.0	37.0	39.0	40.0	42.0	44.0	202.0	0.0	202.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$38.7*	*$40.7*	*$42.7*	*$43.7*	*$45.7*	*$47.7*	*$220.5*	*$0.0*	*$220.5*
FUNDS AVALABLE FOR C/O:	***$249.3***	***$246.8***	***$244.4***	***$243.2***	***$240.8***	***$238.5***	***$1,213.7***	***$240.0***	***$1,453.7***
COMMITTED C/O:									
• R/W Reservation	$0.0	$6.7	$0.0	$0.0	$0.0	$0.0	$6.7	$0.0	$6.7
• Minor Reservation	8.3	10.4	10.8	11.2	11.7	12.1	56.2	0.0	56.2
• Rehabilitation & Reservation	80.1	32.8	18.4	28.1	53.9	44.2	177.4	0.0	177.4
• Safety & Reservation	4.1	10.1	10.4	4.3	5.7	7.1	37.6	0.0	37.6
Operational Improvements	69.6	15.0	17.5	40.3	8.4	2.7	83.9	0.0	83.9
New Facilities	180.8	292.6	226.6	88.1	81.2	12.3	700.8	0.0	700.8
TOTAL COMMITTED C/O	*$342.9*	*$367.6*	*$283.7*	*$172.0*	*$160.9*	*$78.4*	*$1,062.6*	*$0.0*	*$1,062.6*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***($93.6)***	***($120.8)***	***($39.3)***	***$71.2***	***$79.9***	***$160.1***	***$57.5***	***$240.0***	***$297.5***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	93.6	120.8	39.3	0.0	0.0	0.0	253.7	0.0	253.7
Trans To/From Other Fed Categories (2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(54.4)	(54.4)
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$0.0***	***$0.0***	***$0.0***	***$71.2***	***$79.9***	***$160.1***	***$311.2***	***$185.6***	***$496.8***

(1) This includes the transfer of $72.4 M to Primary in 86/87.
(2) Proposed transfer of $49 M plus State Match to Primary in 87/88

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA V
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
SUMMARY OF POOLED FUNDS (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$111.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$171.4	$171.4
Pre-Obligation	2.0	0.8	3.0	8.8	12.8	0.0	25.4	0.0	25.4
Apportionment/Allocation	380.9	333.0	415.2	438.8	461.4	485.5	2,133.9	0.0	2,133.9
State Match	54.5	25.8	40.4	45.2	49.4	50.8	211.6	4.7	216.3
Reprogramable Resources	28.8	13.8	21.4	23.9	26.1	26.8	112.0	2.6	114.6
TOTAL FEDERAL RESOURCES	*$578.0*	*$373.4*	*$480.0*	*$516.7*	*$549.7*	*$563.1*	*$2,482.9*	*$178.7*	*$2,661.6*
FED. NONCAPITAL EXPENDITURES									
Local Assistance	$120.5	$120.5	$120.5	$120.5	$120.5	$120.5	$602.5	$142.6	$745.1
Highway Planning And Research	7.2	6.2	7.8	8.3	8.8	9.2	40.3	0.0	40.3
Project Support	55.0	53.0	55.0	57.0	60.0	63.0	288.0	0.0	288.0
Other	6.4	7.0	7.0	7.5	8.0	8.0	37.5	0.0	37.5
TOTAL NONCAP. EXPENDITURES	*$189.1*	*$186.7*	*$190.3*	*$193.3*	*$197.3*	*$200.7*	*$968.3*	*$142.6*	*$1,110.9*
FUNDS AVALABLE FOR C/O:	***$388.9***	***$186.7***	***$289.7***	***$323.4***	***$352.4***	***$362.4***	***$1,514.6***	***$36.1***	***$1,550.7***
COMMITTED C/O:									
• R/W Reservation	$0.0	$3.4	$0.0	$0.0	$0.0	$0.0	$3.4	$0.0	$3.4
• Minor Reservation	0.0	3.5	0.0	0.0	0.0	0.0	3.5	0.0	3.5
• Rehabilitation & Reservation	39.8	108.8	92.7	95.9	75.4	120.2	493.0	0.0	493.0
• Safety & Reservation	29.8	15.3	43.0	17.9	21.4	22.7	120.3	0.0	120.3
Operational Improvements	33.8	20.7	20.5	39.8	18.5	2.6	102.1	0.0	102.1
New Facilities	310.5	147.8	241.8	130.5	168.9	37.4	726.4	0.0	726.4
TOTAL COMMITTED C/O	*$413.9*	*$299.5*	*$398.0*	*$284.1*	*$284.2*	*$182.9*	*$1,448.7*	*$0.0*	*$1,448.7*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***($25.0)***	***($112.8)***	***($108.3)***	***$39.3***	***$68.2***	***$179.5***	***$40.9***	***$36.1***	***$77.0***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.3	$1.3	($1.6)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	24.7	111.5	109.9	0.0	0.0	0.0	246.1	0.0	246.1
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	57.8	57.8
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$0.0***	***$0.0***	***$0.0***	***$39.3***	***$68.2***	***$179.5***	***$287.0***	***$93.9***	***$380.9***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA VI
1988 STIP FB

1988 STIP FUND ESTIMATE ($1,000,000)
PRIMARY (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance (1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$20.3	$20.3
Pre-Obligation	2.0	0.8	3.0	8.8	12.8	0.0	25.4	0.0	25.4
Apportionment/Allocation	167.0	167.0	167.0	167.0	167.0	167.0	835.0	0.0	835.0
State Match (18.0%)	23.3	23.1	23.3	24.1	24.6	21.9	117.0	3.7	120.7
Reprogramable Resources	12.2	12.1	12.2	12.6	12.9	11.5	61.3	1.9	63.2
TOTAL FEDERAL RESOURCES	$204.5	$203.0	$205.5	$212.5	$217.3	$200.4	$1,038.7	$25.9	$1,064.6
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (2.0%)	3.3	3.3	3.3	3.3	3.3	3.3	16.5	0.0	16.5
Project Support	30.0	29.0	30.0	31.0	32.0	34.0	156.0	0.0	156.0
Other	6.4	7.0	7.0	7.5	8.0	8.0	37.5	0.0	37.5
TOTAL NONCAP. EXPENDITURES	$39.7	$39.3	$40.3	$41.8	$43.3	$45.3	$210.0	$0.0	$210.0
FUNDS AVALABLE FOR C/O:	$164.8	$163.7	$165.2	$170.7	$174.0	$155.1	$828.7	$25.9	$854.6
COMMITTED C/O:									
* R/W Reservation	$0.0	$3.4	$0.0	$0.0	$0.0	$0.0	$3.4	$0.0	$3.4
* Minor Reservation	0.0	3.5	0.0	0.0	0.0	0.0	3.5	0.0	3.5
* Rehabilitation & Reservation	20.6	96.5	90.4	92.1	70.9	112.7	462.6	0.0	462.6
* Safety & Reservation	2.8	0.9	3.1	0.4	1.0	1.2	6.6	0.0	6.6
Operational Improvements	23.8	20.5	19.6	39.1	16.5	2.6	98.3	0.0	98.3
New Facilities	269.3	136.3	202.6	125.3	159.5	37.4	661.1	0.0	661.1
TOTAL COMMITTED C/O	$316.5	$261.1	$315.7	$256.9	$247.9	$153.9	$1,235.5	$0.0	$1,235.5
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	($151.7)	($97.4)	($150.5)	($86.2)	($73.9)	$1.2	($558.5)	$25.9	($532.6)
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	24.7	97.4	109.9	0.0	0.0	0.0	232.0	0.0	232.0
Trans To/From Other Fed Categories (2)	0.0	0.0	3.5	4.4	4.2	2.7	14.8	57.8	72.6
Trans From Minimum Allocation	127.0	0.0	37.1	81.8	69.7	0.0	315.6	0.0	315.6
C/O AVAILABLE TO BID POT	$0.0	$0.0	$0.0	$0.0	$0.0	$3.9	$3.9	$83.7	$87.6

(1) This includes the transfer of $72.4 M from IR in 86/87.
(2) 89/90, 90/91, 91/92, &92,93 funds transfered from Secondary
Resources W/O OA funds are proposed transfer of $49 M plus State Match from IR in 87/88

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

1988 STIP FUND ESTIMATE ($1,000,000)
85% MINIMUM ALLOCATION (SHA)
BASED ON TRENDS AND EXISTING LAW

SHA VII
1988 STIP FE

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$111.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	72.8	24.9	107.1	130.7	153.3	177.4	593.4	0.0	593.4
State Match (18.0%)	29.4	0.8	15.3	19.3	23.1	27.2	85.7	0.0	85.7
Reprogramable Resources	15.4	0.4	8.0	10.1	12.1	14.2	44.8	0.0	44.8
TOTAL FEDERAL RESOURCES	*$229.4*	*$26.1*	*$130.4*	*$160.1*	*$188.5*	*$218.8*	*$723.9*	*$0.0*	*$723.9*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (2.0%)	1.5	0.5	2.1	2.6	3.1	3.5	11.8	0.0	11.8
Project Support	20.0	20.0	20.0	21.0	22.0	23.0	106.0	0.0	106.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$21.5*	*$20.5*	*$22.1*	*$23.6*	*$25.1*	*$26.5*	*$117.8*	*$0.0*	*$117.8*
FUNDS AVALABLE FOR C/O:	***$207.9***	***$5.6***	***$108.3***	***$136.5***	***$163.4***	***$192.3***	***$606.1***	***$0.0***	***$606.1***
COMMITTED C/O:									
* R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
* Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMMITTED C/O	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$207.9***	***$5.6***	***$108.3***	***$136.5***	***$163.4***	***$192.3***	***$814.0***	***$0.0***	***$814.0***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	(207.9)	(5.6)	(108.3)	(97.2)	(95.2)	(16.7)	(530.9)	0.0	(530.9)
C/O AVAILABLE TO BID POT	***$0.0***	***$0.0***	***$0.0***	***$39.3***	***$68.2***	***$175.6***	***$283.1***	***$0.0***	***$283.1***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA VIII
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
RURAL SECONDARY (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$37.7	$37.7
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	24.0	24.0	24.0	24.0	24.0	24.0	120.0	0.0	120.0
State Match (17.0%)	0.9	0.9	0.9	0.9	0.9	0.9	4.5	0.3	4.8
Reprogramable Resources	0.5	0.5	0.5	0.5	0.5	0.5	2.5	0.1	2.6
TOTAL FEDERAL RESOURCES	*$25.4*	*$25.4*	*$25.4*	*$25.4*	*$25.4*	*$25.4*	*$127.0*	*$38.1*	*$165.1*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (100.0% Less FASX)	$17.5	$17.5	$17.5	$17.5	$17.5	$17.5	$87.5	$36.2	$123.7
Highway Planning & Research (2.0%)	0.5	0.5	0.5	0.5	0.5	0.5	2.5	0.0	2.5
Project Support	1.0	1.0	1.0	1.0	1.0	1.0	5.0	0.0	5.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$19.0*	*$19.0*	*$19.0*	*$19.0*	*$19.0*	*$19.0*	*$95.0*	*$36.2*	*$131.2*
FUNDS AVALABLE FOR C/O:	***$6.4***	***$6.4***	***$6.4***	***$6.4***	***$6.4***	***$6.4***	***$32.0***	***$1.9***	***$33.9***
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	6.7	5.7	1.3	1.8	1.7	3.0	13.5	0.0	13.5
• Safety & Reservation	0.0	2.0	0.0	0.2	0.5	0.7	3.4	0.0	3.4
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMMITTED C/O	*$6.7*	*$7.7*	*$1.3*	*$2.0*	*$2.2*	*$3.7*	*$16.9*	*$0.0*	*$16.9*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***($0.3)***	***($1.3)***	***$5.1***	***$4.4***	***$4.2***	***$2.7***	***$14.8***	***$1.9***	***$16.7***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.3	$1.3	($1.6)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories (1)	0.0	0.0	(3.5)	(4.4)	(4.2)	(2.7)	(14.8)	0.0	(14.8)
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$1.9***	***$1.9***

(1) Transfer to Primary

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA IX
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
SAFETY (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$12.1	$12.1
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	24.5	24.5	24.5	24.5	24.5	24.5	122.5	0.0	122.5
State Match (10.5%)	0.9	1.0	0.9	0.9	0.8	0.8	4.4	0.7	5.1
Reprogramable Resources	0.7	0.8	0.7	0.7	0.6	0.6	3.4	0.6	4.0
TOTAL FEDERAL RESOURCES	*$26.1*	*$26.3*	*$26.1*	*$26.1*	*$25.9*	*$25.9*	*$130.3*	*$13.4*	*$143.7*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (50.0%)	$12.3	$12.3	$12.3	$12.3	$12.3	$12.3	$61.5	$5.1	$66.6
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	4.0	3.0	4.0	4.0	5.0	5.0	21.0	0.0	21.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$16.3*	*$15.3*	*$16.3*	*$16.3*	*$17.3*	*$17.3*	*$82.5*	*$5.1*	*$87.6*
FUNDS AVALABLE FOR C/O:	***$9.8***	***$11.0***	***$9.8***	***$9.8***	***$8.6***	***$8.6***	***$47.8***	***$8.3***	***$56.1***
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Safety & Reservation	26.7	12.4	39.9	17.3	19.9	20.8	110.3	0.0	110.3
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMMITTED C/O	*$26.7*	*$12.4*	*$39.9*	*$17.3*	*$19.9*	*$20.8*	*$110.3*	*$0.0*	*$110.3*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***($16.9)***	***($1.4)***	***($30.1)***	***($7.5)***	***($11.3)***	***($12.2)***	***($79.4)***	***$8.3***	***($71.1)***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	16.9	1.4	30.1	7.5	11.3	12.2	79.4	0.0	79.4
C/O AVAILABLE TO BID POT	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$8.3***	***$8.3***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA X
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
URBAN (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$101.3	$101.3
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	92.6	92.6	92.6	92.6	92.6	92.6	463.0	0.0	463.0
State Match (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	$92.6	$92.6	$92.6	$92.6	$92.6	$92.6	$463.0	$101.3	$564.3
FED. NONCAPITAL EXPENDITURES									
Local Assistance (100.0%)	$90.7	$90.7	$90.7	$90.7	$90.7	$90.7	$453.5	$101.3	$554.8
Highway Planning & Research (2.0%)	1.9	1.9	1.9	1.9	1.9	1.9	9.5	0.0	9.5
Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	$92.6	$92.6	$92.6	$92.6	$92.6	$92.6	$463.0	$101.3	$564.3
FUNDS AVALABLE FOR C/O:	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	12.5	6.6	1.0	2.0	2.8	4.5	16.9	0.0	16.9
• Safety & Reservation	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	10.0	0.2	0.9	0.7	2.0	0.0	3.8	0.0	3.8
New Facilities	41.2	11.5	39.2	5.2	9.4	0.0	65.3	0.0	65.3
TOTAL COMMITTED C/O	$64.0	$18.3	$41.1	$7.9	$14.2	$4.5	$86.0	$0.0	$86.0
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	($64.0)	($18.3)	($41.1)	($7.9)	($14.2)	($4.5)	($150.0)	$0.0	($150.0)
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	14.1	0.0	0.0	0.0	0.0	14.1	0.0	14.1
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	64.0	4.2	41.1	7.9	14.2	4.5	135.9	0.0	135.9
C/O AVAILABLE TO BID POT	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XI
1988 STIP FB

1988 STIP FUND ESTIMATE ($1,000,000)
BRIDGE REPLACEMENT (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	39.7	39.7	39.7	39.7	39.7	39.7	198.5	0.0	198.5
State Match (20.0%)	2.5	2.5	2.3	2.3	2.3	2.1	11.5	0.0	11.5
Reprogramable Resources	1.2	1.2	1.1	1.1	1.1	1.0	5.5	0.0	5.5
TOTAL FEDERAL RESOURCES	*$43.4*	*$43.4*	*$43.1*	*$43.1*	*$43.1*	*$42.8*	*$215.5*	*$0.0*	*$215.5*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (55.0%)	$21.5	$21.5	$21.5	$21.5	$21.5	$21.5	$107.5	$0.0	$107.5
Highway Planning & Research (1.5%)	0.6	0.6	0.6	0.6	0.6	0.6	3.0	0.0	3.0
Project Support	5.0	5.0	6.0	6.0	6.0	7.0	30.0	0.0	30.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$27.1*	*$27.1*	*$28.1*	*$28.1*	*$28.1*	*$29.1*	*$140.5*	*$0.0*	*$140.5*
FUNDS AVALABLE FOR C/O:	***$16.3***	***$16.3***	***$15.0***	***$15.0***	***$15.0***	***$13.7***	***$75.0***	***$0.0***	***$75.0***
COMMITTED C/O:									
* R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
* Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Rehabilitation & Reservation	9.7	24.7	26.2	21.7	25.7	13.7	112.0	0.0	112.0
* Safety & Reservation	0.0	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	6.1	0.8	0.0	0.4	0.0	0.0	1.2	0.0	1.2
TOTAL COMMITTED C/O	*$15.8*	*$25.5*	*$26.7*	*$22.1*	*$25.7*	*$13.7*	*$113.7*	*$0.0*	*$113.7*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$0.5***	***($9.2)***	***($11.7)***	***($7.1)***	***($10.7)***	***$0.0***	***($38.2)***	***$0.0***	***($38.2)***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	9.2	11.7	7.1	10.7	0.0	38.7	0.0	38.7
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$0.5***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.5***	***$0.0***	***$0.5***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XII
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
DISCRETIONARY BRIDGE REPLACEMENT (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	16.6	0.0	0.0	8.8	0.0	0.0	8.8	0.0	8.8
State Match (20.0%)	3.3	0.0	0.0	1.8	0.0	0.0	1.8	0.0	1.8
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	*$19.9*	*$0.0*	*$0.0*	*$10.6*	*$0.0*	*$0.0*	*$10.6*	*$0.0*	*$10.6*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
FUNDS AVALABLE FOR C/O:	***$19.9***	***$0.0***	***$0.0***	***$10.6***	***$0.0***	***$0.0***	***$10.6***	***$0.0***	***$10.6***
COMMITTED C/O:									
* R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
* Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Rehabilitation & Reservation	18.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	0.6	0.0	10.6	0.0	0.0	11.2	0.0	11.2
TOTAL COMMITTED C/O	*$18.4*	*$0.6*	*$0.0*	*$10.6*	*$0.0*	*$0.0*	*$11.2*	*$0.0*	*$11.2*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$1.5***	***($0.6)***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.9***	***$0.0***	***$0.9***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$1.5***	***($0.6)***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.9***	***$0.0***	***$0.9***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XIII
1988 STIP FB

1988 STIP FUND ESTIMATE ($1,000,000)
EMERGENCY RELIEF (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	22.5	20.0	20.0	20.0	20.0	20.0	100.0	0.0	100.0
State Match (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	*$22.5*	*$20.0*	*$20.0*	*$20.0*	*$20.0*	*$20.0*	*$100.0*	*$0.0*	*$100.0*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (50.0%)	$11.3	$10.0	$10.0	$10.0	$10.0	$10.0	$50.0	$0.0	$50.0
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	1.0	2.0	2.0	2.0	2.0	2.0	10.0	0.0	10.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$12.3*	*$12.0*	*$12.0*	*$12.0*	*$12.0*	*$12.0*	*$60.0*	*$0.0*	*$60.0*
FUNDS AVALABLE FOR C/O:	***$10.2***	***$8.0***	***$8.0***	***$8.0***	***$8.0***	***$8.0***	***$40.0***	***$0.0***	***$40.0***
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	8.3	10.5	7.1	7.3	7.5	7.7	40.1	0.0	40.1
• Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMMITTED C/O	*$8.8*	*$10.5*	*$7.1*	*$7.3*	*$7.5*	*$7.7*	*$40.1*	*$0.0*	*$40.1*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$1.4***	***($2.5)***	***$0.9***	***$0.7***	***$0.5***	***$0.3***	***$1.3***	***$0.0***	***$1.3***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$1.4***	***($2.5)***	***$0.9***	***$0.7***	***$0.5***	***$0.3***	***$1.3***	***$0.0***	***$1.3***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XIV
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
PUBLIC LANDS
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	9.1	0.0	0.0	9.7	0.0	4.8	14.5	0.0	14.5
State Match (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	*$9.1*	*$0.0*	*$0.0*	*$9.7*	*$0.0*	*$4.8*	*$14.5*	*$0.0*	*$14.5*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
FUNDS AVALABLE FOR C/O:	***$9.1***	***$0.0***	***$0.0***	***$9.7***	***$0.0***	***$4.8***	***$14.5***	***$0.0***	***$14.5***
COMMITTED C/O:									
* R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
* Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Safety & Reservation	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	2.4	0.0	0.0	9.7	0.0	4.8	14.5	0.0	14.5
TOTAL COMMITTED C/O	*$4.5*	*$0.0*	*$0.0*	*$9.7*	*$0.0*	*$4.8*	*$14.5*	*$0.0*	*$14.5*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$4.6***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$4.6***	***$0.0***	***$4.6***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$4.6***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$4.6***	***$0.0***	***$4.6***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XV
1988 STIP FR

1988 STIP FUND ESTIMATE ($1,000,000)
DEMONSTRATION PROJECTS (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance (1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$41.7	$41.7
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	40.2	38.2	38.2	38.2	0.0	0.0	114.6	0.0	114.6
State Match (20.0%)	1.3	1.2	1.2	1.2	0.0	0.0	3.6	1.3	4.9
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	*$41.5*	*$39.4*	*$39.4*	*$39.4*	*$0.0*	*$0.0*	*$118.2*	*$43.0*	*$161.2*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (84.0%)	$33.8	$32.1	$32.1	$32.1	$0.0	$0.0	$96.3	$35.0	$131.3
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$33.8*	*$32.1*	*$32.1*	*$32.1*	*$0.0*	*$0.0*	*$96.3*	*$35.0*	*$131.3*
FUNDS AVALABLE FOR C/O:	***$7.7***	***$7.3***	***$7.3***	***$7.3***	***$0.0***	***$0.0***	***$21.9***	***$8.0***	***$29.9***
COMMITTED C/O:									
* R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
* Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	5.4	3.1	4.1	8.0	0.0	20.6	0.0	20.6
TOTAL COMMITTED C/O	*$0.0*	*$5.4*	*$3.1*	*$4.1*	*$8.0*	*$0.0*	*$20.6*	*$0.0*	*$20.6*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$7.7***	***$1.9***	***$4.2***	***$3.2***	***($8.0)***	***$0.0***	***$9.0***	***$8.0***	***$17.0***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$7.7***	***$1.9***	***$4.2***	***$3.2***	***($8.0)***	***$0.0***	***$9.0***	***$8.0***	***$17.0***

(1) Obligational Authority (OA) for these projects were used to fund other federal projects and must be redeamed later.

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XVI
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
LOS ANGELES COUNTY PORT PROJECT (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	5.5	7.2	8.7	5.6	0.0	0.0	21.5	0.0	21.5
State Match (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	$5.5	$7.2	$8.7	$5.6	$0.0	$0.0	$21.5	$0.0	$21.5
FED. NONCAPITAL EXPENDITURES									
Local Assistance (100.0%)	$5.5	$7.2	$8.7	$5.6	$0.0	$0.0	$21.5	$0.0	$21.5
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	$5.5	$7.2	$8.7	$5.6	$0.0	$0.0	$21.5	$0.0	$21.5
FUNDS AVALABLE FOR C/O:	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMMITTED C/O	$0.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	($0.4)	$0.0	$0.0	$0.0	$0.0	$0.0	($0.4)	$0.0	($0.4)
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	($0.4)	$0.0	$0.0	$0.0	$0.0	$0.0	($0.4)	$0.0	($0.4)

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XVII
1988 STIP FR

1988 STIP FUND ESTIMATE ($1,000,000)
WOODLAND BYPASS (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$14.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	8.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Match (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	*$23.1*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
FUNDS AVALABLE FOR C/O:	***$23.1***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***
COMMITTED C/O:									
* R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
* Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
* Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	20.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMMITTED C/O	*$20.8*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$2.3***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$2.3***	***$0.0***	***$2.3***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$2.3***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$2.3***	***$0.0***	***$2.3***

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

SHA XVIII
1988 STIP FE

1988 STIP FUND ESTIMATE ($1,000,000)
REDWOOD BYPASS (SHA)
BASED ON TRENDS AND EXISTING LAW

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	0.0	25.1	0.0	0.0	0.0	0.0	25.1	0.0	25.1
State Match (10.0%)	0.0	2.4	0.0	0.0	0.0	0.0	2.4	0.0	2.4
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL RESOURCES	*$0.0*	*$27.5*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$27.5*	*$0.0*	*$27.5*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Support	1.0	1.0	0.0	0.0	0.0	0.0	1.0	0.0	1.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$1.0*	*$1.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$1.0*	*$0.0*	*$1.0*
FUNDS AVALABLE FOR C/O:	*($1.0)*	*$26.5*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$26.5*	*$0.0*	*$26.5*
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	23.5	1.6	0.0	0.0	0.0	25.1	0.0	25.1
TOTAL COMMITTED C/O	*$0.0*	*$23.5*	*$1.6*	*$0.0*	*$0.0*	*$0.0*	*$25.1*	*$0.0*	*$25.1*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	*($1.0)*	*$3.0*	*($1.6)*	*$0.0*	*$0.0*	*$0.0*	*$0.4*	*$0.0*	*$0.4*
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	*($1.0)*	*$3.0*	*($1.6)*	*$0.0*	*$0.0*	*$0.0*	*$0.4*	*$0.0*	*$0.4*

PRELIMINARY

EXHIBIT 2

11/6/87
Rev. Mgt.
Branch

1988 STIP FUND ESTIMATE ($1,000,000)
INTERSTATE REPLACEMENT
BASED ON TRENDS AND EXISTING LAW

SHA XIX
1988 STIP FE

	1987-88 & Prior	1988-89	1989-90	1990-91	1991-92	1992-93	STIP TOTAL	RESOURCE W/O-OA	GRAND TOTAL
FEDERAL RESOURCES:									
Unobligated Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Apportionment/Allocation	0.0	0.0	0.0	0.0	0.0	266.7	266.7	0.0	266.7
State Match (0.0%)	0.0	0.0	0.0	0.0	0.0	51.6	51.6	0.0	51.6
Reprogramable Resources	0.0	0.0	0.0	0.0	0.0	22.9	22.9	0.0	22.9
TOTAL FEDERAL RESOURCES	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$341.2*	*$341.2*	*$0.0*	*$341.2*
FED. NONCAPITAL EXPENDITURES									
Local Assistance (0.0%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Highway Planning & Research (0.0%)	0.0	0.0	0.0	0.0	0.0	4.0	4.0	0.0	4.0
Project Support	0.0	0.0	10.0	17.0	25.0	28.0	80.0	0.0	80.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NONCAP. EXPENDITURES	*$0.0*	*$0.0*	*$10.0*	*$17.0*	*$25.0*	*$32.0*	*$84.0*	*$0.0*	*$84.0*
FUNDS AVALABLE FOR C/O:	***$0.0***	***$0.0***	***($10.0)***	***($17.0)***	***($25.0)***	***$309.2***	***$257.2***	***$0.0***	***$257.2***
COMMITTED C/O:									
• R/W Reservation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
• Minor Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Rehabilitation & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Safety & Reservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMMITTED C/O	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
AVAILABLE FOR ADDITIONAL C/O PROGRAMING (1988 STIP)	***$0.0***	***$0.0***	***($10.0)***	***($17.0)***	***($25.0)***	***$309.2***	***$257.2***	***$0.0***	***$257.2***
PROPOSED FUNDING OF DEFICITS:									
Trans Between Fiscal Years	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Trans From State	0.0	0.0	10.0	17.0	25.0	0.0	52.0	0.0	52.0
Trans To/From Other Fed Categories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trans From Minimum Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C/O AVAILABLE TO BID POT	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$0.0***	***$309.2***	***$309.2***	***$0.0***	***$309.2***

PRELIMINARY

EXHIBIT 2

APPENDIX B

Comparison of California Environmental Quality Act and National Environmental Policy Act

October 22, 1987

Chart comparing NEPA and CEQA

Although the laws and implementing regulations are different, they are comparable. The key difference, and one that can add substantial time to completion of the process, is the inclusion of Federal specialty laws into the NEPA compliance process. California basically uses CEQA to handle the special interests.

These Federal specialty laws can require extensive engineering and environmental effort before environmental clearance can be completed. Moreover, agencies outside of FHWA need to pass on the studies before FHWA will complete its NEPA process. For endangered species and historic preservation issues, there is an extended consultation stage where the agencies we consult with have veto or near-veto power over the project.

In addition, the U. S. Department of Transportation Section 4(f) requirement -- use of property from public parks, historic sites, or wildlife, or waterfowl refuges -- has become increasingly burdensome. There must be strong and clear, and an overwhelmingly convincing demonstration that there is no feasible and prudent alternative to the use of such land, and that all possible planning to minimize harm has been done, and that all measures to avoid harm have been applied. The courts have further expanded the law to apply to "constructive use" where there is no actual "taking" of the land.

~~With the~~ Federal process the levels of review include the FHWA Division office in Sacramento, and the Regional office in San Francisco. For certain projects, Washington office approval is required.

FHWA has another requirement that is not found in CEQA. U.S. DOT has specified in its regulation that its Administration Counsel will make a determination of legal sufficiency before an EIS is approved. Because of court decisions, particularly in the Ninth Circuit, the Region 9 office is especially conservative in its legal sufficiency determinations. This requires additional time and what we consider to be unnecesary work in supplying additional information. The same level of scrutiny is applied to all projects whether they are controversial or not.

The attached chart is a side-by-side comparison of the requirements of NEPA and CEQA.

Comparison of NEPA (as administered by FHWA) and CEQA for Projects with Significant Environmental Effects.

GENERAL

CEQA Section 21083.5 authorizes use of EIS where an EIR will be required. The Council on Environmental Quality (CEQ) Guidelines have brought the required seven points to be addressed in CEQA in conformance with NEPA by requiring discussion of the two additional CEQA points under other headings of the required five NEPA points.

NEPA	CEQA
Environment defined: "human environment"--thus broader with more social analysis.	Environment defined: "the physical conditions existing within the affected area."
Significant effect defined: both beneficial and adverse effects are considered.	Significant effect defined: only adverse or potentially adverse effects considered.
Requires all information to be included in document (at least a summary and reference).	Allows incorporation by reference to other documents.
Once a single significant effect is found, all of the project effects must be described.	Insignificant impacts do not have to be discussed.
FHWA uses the NEPA document to clear single and special purpose legislative requirements such as: Section 4(f)--parklands; Section 7--endangered species; Section 106--historic resources; wetlands; floodplains; civil rights requirements; etc.	Compliance with California Endangered Species Act is done under CEQA.
FHWA is just now beginning to show some flexibility in not requiring the completion of an EIS, once started, if all impacts are reduced to an insignificant level.	CEQA requires the adoption of a Negative Declaration if all significant effects are reduced to below a level of significance.

PROCESS NEPA	CEQA
Notice of Intent	Notice of Preparation
Scoping	Early coordination
Draft EIS	Draft EIR
Contents:	Contents:
1. Description of proposed action, purpose of the action, and description of affected environment.	1. Description of project.
2. Land use plans and policies.	2. Description of environmental setting.
3. Probable impact on the environment. • Adverse and beneficial impacts • Primary and secondary consequences including growth.	3. Environmental impact • Significant effects of the proposed project.
4. Alternatives	• Alternatives to the proposed project.
5. Probable adverse impacts which cannot be avoided.	• Any significant effects which cannot be avoided. • Mitigation measures proposed to minimize the significant effects.
6. Relationships between local short-term uses of man's environment and the maintenance and enhancement of long-term productivity.	• Relationship between local short-term uses of man's environment and the maintenance and enhancement of long-term productivity.
7. ~~Irreversible~~ and irretrievable commitments of resources.	• Significant irreversible environmental changes which would be involved. • Growth-inducing impact of the project. • Energy.
	4. Effects found not to be significant.
8. List of all Federal, State and local agencies, and other parties from which comments have been requested.	5. Organizations and persons consulted.
9. Items governed by other acts covered in separate sections/reports: • Section 4(f)--Department of Transportation Act of 1966. • Section 106--National Historic Preservation Act of 1966.	

o Section 7--Endangered Species Act of 1973. Requires separate formal report, and opinion from U.S. Fish and Wildlife Service.	(State Endangered Species Act - covered under No. 3 above.)
	Proposed DEIS and Project Report submitted to HQ for approval.
Proposed DEIS must be reviewed in "pre-draft" form by FHWA Division, and Regional Offices. Formal request for approval to circulate, after approval by Chief, OEA, is made to FHWA Division Office.	Approval of DEIS by Chief, OEA.
	Approval of Project Report by Chief OPPD, and approval to circulate DEIS by Chief, OEA.
Publication of circulation in Federal Register. 45 day review period.	Publication of circulation in newspaper of general circulation in project area. 45 day review period.

Response and appropriate changes must be made to the document for any substantive comments of an environmental nature received during the circulation or through the public hearing process.

	Submittal of FEIS and Project Approval Report to HQ.
Review of "pre-final" by FHWA Division and Regional Offices. Request for formal approval of FEIS from FHWA, after approved by Chief, OEA. Reviewed by FHWA Division Office, Regional Office staff, including Regional Counsel for legal sufficiency. Approval by Regional Administrator.	Approval of FEIS by Chief, OEA.
FEIS adopted by FHWA and copies sent to EPA. Notice published in Federal Register 30 days before FHWA can approve project. Record of Decision is prepared for project approval.	State decision maker certifies FEIR completed in compliance with CEQA, and that the information was reviewed and considered before approving the project. Findings are adopted and a Notice of Determination filed with the Office of Planning and Research.

APPENDIX C

Compendium of State and Federal Environmental Regulations

ENVIRONMENTAL LAWS AND REGULATIONS

National Environmental Policy Act

The National Environmental Policy Act of 1969 (NEPA) requires the utilization of a systematic interdisciplinary approach to ensure the integrated use of the natural and social sciences and the environmental design arts in planning and decision making. It requires that Federal agencies identify and consider the environmental impacts of their proposals along with such traditional criteria as economic costs and technical feasibility. It further requires the preparation of a detailed statement on Federal actions significantly affecting the human environment.

California Environmental Quality Act

California enacted the California Environmental Quality Act (CEQA) in 1970, which contains similar public policies as NEPA. The California Act is to ensure that governmental actions or activities promote the general welfare, allow man and nature to live in productive harmony and fulfill the social, economic, and environmental requirements of present and future generations. It also requires the preparation of a detailed report on projects that significantly affect the environment where there is a public agency discretionary approval required.

Council on Environmental Quality Regulations

Executive Order No. 11514, March 7, 1970, further elaborated on the purpose and policy of NEPA. In addition, it required the Council on Environmental Quality (CEQ) to issue guidelines to Federal agencies for implementing NEPA. CEQ issued final regulations on November 29, 1978. These general guidelines outline the requirements for completion of an environmental statement.

State CEQA Guidelines

CEQA required that general guidelines for state and local agencies be developed and adopted by the Secretary for Resources. These guidelines follow closely requirements of NEPA. While there are some differences between NEPA and CEQA as well as between FHWA regulations and the State CEQA Guidelines, they are similar enough that Caltrans prepares a single environmental document which satisfies both the Federal and state laws.

FHWA/UMTA Environmental Regulations

CEQ regulations require Federal agencies to develop supplementary implementing procedures. The Federal Highway Administration and the Urban Mass Transit Administration regulatory procedures for the implementation of NEPA and the CEQ Guidelines are contained in 23 CFR 771. In addition, further guidance on preparation of environmental documents is provided in FHWA Technical Advisory T6640.8.

Other Environmental Laws and Regulations

Air Quality

Two Federal statutes deal specifically with transportation-related impacts on air quality: the Clean Air Act of 1970, as amended (42 U.S.C. 7401 et seq) and the Federal Aid Highway Act of 1970 (23 U.S.C. 109 [j]).

The Environmental Protection Agency (EPA) has established National Ambient Air Quality Standards (NAAQS) for harmful air pollutants as required by the Clean Air Act. California, through the Air Resources Board (ARB), has also established air quality standards.

In response to 23 U.S.C. 109(h&j), FHWA has issued "Conformity and priority procedures for use in Federal Aid highway and Federally-funded transit programs" which describes the procedures necessary to assure that highway projects are consistent with any approved plan for the implementation of any air quality standard for air quality regions designated in the Clean Air Act, as amended.

Noise

The *Federal Noise Control Act of 1972* (42 U.S.C. 4901 et seq.) requires EPA to prescribe regulations setting noise emission standards for transportation equipment and to establish criteria concerning the effects of environmental noise on public health and welfare; permissible noise levels; and perform research on noise effects.

Pursuant to the *Federal Aid Highway Act of 1970*, Section 136(6), FHWA issued FHPM 7-7-3 setting forth noise standards, policies, and procedures. Where applicable, these regulations require that every reasonable effort be made to reduce noise levels if they are predicted to exceed noise abatement criteria.

There are also a number of State laws and Caltrans regulations and instructions regarding the treatment of transportation generated noise.

California Streets and Highways Code Section 216 (Control of Freeway Noise in School Classrooms) requires, in general, that Caltrans abate noise to 50 dBA peak or less when noise from freeways exceeds 50 dBA in schools.

Caltrans Policy and Procedure Memorandum P74-47 (Freeway Traffic Noise Reduction, September 24, 1974) outlines Caltrans' policy and responsibilities related to transportation noise.

California Government Code Section 65302 requires Caltrans to provide cities and counties with a noise contour map along state highways.

All of these and other laws, regulations and implementing instructions can be found in the *Noise Manual* prepared by TransLab.

Water

There are several Federal and State laws which provide for the protection of water and water related resources.

The *Clean Water Act* (33 U.S.C. 1251-1376) provides for the restoration and maintenance of the chemical, physical, and biological integrity of the nation's waters.

- Section 401 requires an applicant, for any federal permit to conduct an activity which may result in a discharge into waters of the United States, to obtain certification from the state that the discharge will comply with other provisions of the Act.
- Section 402 establishes a permitting system for the discharge of any pollutant (except dredge or fill material) into waters of the United States.
- Section 404 establishes a permit program for the discharge of dredged or fill material into waters of the United States.

The *Rivers and Harbor Act* (33 U.S.C. 401, et seq.) was enacted in 1899 and later amended to protect navigation and the navigable capacity of the nation's waters.

- Section 9 requires a permit for the construction of bridges or causeways across navigable waters of the United States.
- Section 10 requires a permit for various types of work performed in navigable waters including stream channelization, excavation and filling.

The *Wild and Scenic Rivers Act* (16 U.S.C. 1271-1287) declares a national policy that certain selected rivers of the nation and their immediate environments shall be preserved in free-flowing condition, and that they and their immediate environments shall be protected for the benefit and enjoyment of present and future generations.

Executive Order 11990, Protection of Wetlands (May 24, 1977) directs all Federal agencies to refrain from assisting in or giving financial support to projects which encroach upon public or private wetlands unless the agency determines that there are no practicable alternatives to such construction and that the proposed action includes all practicable measures to minimize harm to wetlands which may result from such use.

The *Fish and Wildlife Coordination Act* (16 U.S.C. 661-666) requires consultation with the U.S. Fish and Wildlife Service and the State agency responsible for wildlife resources whenever a stream or other body of water is proposed to be modified for any purpose whatever.

Executive Order 11988, Floodplain Management (May 24, 1977) directs all Federal agencies to avoid the long-and short-term adverse impacts associated with the modification of floodplains and to avoid direct or indirect support of floodplain development wherever there is a practicable alternative.

The *California Wild and Scenic Rivers Act* (Public Resources Code Section 5093.50 et seq) preserves in their free-flowing state, certain designated rivers which possess extraordinary scenic, recreational, fishery, or wildlife values.

Section 1601 of the California Fish and Game Code requires agencies to notify the Department of Fish and Game of any project which will divert, obstruct or change the natural flow or bed, channel or bank of any river, stream or lake.

Historic and Cultural Sites, Buildings, and Areas

There are several Federal laws dealing with historical preservation. State requirements are part of the California Public Resources, Administrative, Health and Safety or Penal Codes.

The *Antiquities Act of 1906* (16 U.S.C. 431-433) provides for the protection of historic or prehistoric remains on Federal lands; establishes criminal sanctions for unauthorized destruction or appropriation of antiquities; authorizes the President to declare by proclamation national monuments; and authorizes the scientific investigation of antiquities on Federal lands, subject to permit and regulations.

The *Historic Sites and Buildings Act of 1935* (16 U.S.C. 461-471) authorizes the Historic American Buildings Survey and the Historic American Engineering Record (combined in 1980 as the National Architectural and Engineering Record), and the National Survey of Historic Sites; authorizes the establishment of national historic sites and designation of national historic landmarks; and authorizes interagency, intergovernmental, and interdisciplinary efforts for the preservation of cultural resources.

The Reservoir Salvage Act of 1960 (16 U.S.C. 469) provides for the recovery and preservation of "historical and archaeological data" that might be lost or destroyed as a result of the construction of dams, reservoirs and attendant facilities.

The *National Historic Preservation Act of 1966* (amended)(16 U.S.C. 470) declares a national policy of historic preservation, encourages preservation on the State and local levels; directs the expansion of the National Register of Historic Places to include cultural resources of State and local significance; establishes an Advisory Council on Historic Preservation and provides procedures (Section 106) for Federal agencies to follow if a proposal could affect a property which is included in, or eligible for inclusion in, the National Register. The Advisory Council on Historic Preservation has also developed procedures (36 CFR Part 800) which must be followed.

Executive Order 11593, Protection and Enhancement of the Cultural Environment (May 13, 1971) directs Federal agencies to assure the preservation of cultural resources in Federal ownership and institute procedures to assure that Federal plans and programs contribute to the preservation and enhancement of non-federally owned sites which are of cultural significance; orders Federal agencies to nominate to the National Register all properties under their control or jurisdiction that meet the criteria for nomination; directs agencies to provide for recording of National Register properties that will be unavoidably altered or destroyed as a result of Federal action.

The *Archaeological and Historical Preservation Act of 1974* (16 U.S.C. 469) amended the 1960 Reservoir Salvage Act to include any Federal, or Federally assisted, construction project involving the alteration of the terrain, as well as other Federally-licensed projects, or Federal activities which might disrupt historical or archaeological data. Among other things, the amendmentrequires that when any Federal action will cause a loss of scientific, prehistorical, historical, archaeological, or paleontological data, then the agency must notify and supply the Secretary of Interior with information relevant to this matter.

California Public Resources Code Section 5097.5 makes it a misdemeanor for anyone to knowingly disturb any archaeological, paleontological, or historical feature situated on public lands. Section 5097.9 prohibits a public agency after July 1, 1977 from interfering with the free expression or exercise of Native American religion, or causing severe or irreparable damage to any Native American sanctified cemetery, place of worship, religious or ceremonial site, or sacred shrine located on public property, except on a clear and convincing showing that the public interest and necessity so require.

The *Native American Heritage Commission* was established in 1977 (Public Resources Code Section 5097.9 et seq) No public agency may alter, modify, disturb, remove, destroy, or damage any Native American sanctified cemetery, place of worship, religious or ceremonial site, or sacred shrine except with the consent of the Commission. NAHC can mediate disputes relating to treatment of remains and designate "most likely descendents" of encountered remains.

California Administrative Code Section 4308 concerns the State Park System and states that no person shall remove, disfigure, or destroy any object of paleontological, archaeological, or historical interest or value.

California Penal Code Section 622.5 makes it a misdemeanor for anyone (except the owner) to willfully injure or destroy anything of archaeological interest or value whether on private lands or within any public park or place.

California Health and Safety Code Section 8100 provides that six or more human bodies buried at one place constitute a cemetery. Section 7052 makes it a felony for anyone found guilty of mutilating or removing any human remains from a cemetery without authority of law. Section 7050.0 makes it a misdemeanor for anyone who disturbs, mutilates or removes human remains from any location other than a cemetery. It requires any person to stop disturbing ground in the vicinity of discovered human remains and to call the county coroner.

California Public Resources Code Section 5024 requires each State agency to formulate policies to preserve and maintain State-owned structures, when prudent and feasible, listed in or eligible for inclusion in the National Register of Historic Places or registration as a State Historical Landmark. All State-owned structures over 50 years of age shall be inventoried. Until the initial inventory is completed, State agencies shall assure that any structure which might qualify is not inadvertently transferred or altered.

Parklands, Historic, and Recreation Areas--Section 4(f)

Section 4(f) of the Department of Transportation Act (49 U.S.C. 303 and 23 U.S.C. 138) specifies that publicly-owned land from a park, recreation area, or wildlife or waterfowl refuge, or land from a historic site may be used for Federal Aid highways only if:

(1) There is no feasible and prudent alternative to the use of such land, and

(2) The proposal includes all possible planning to minimize harm to the Section 4(f) land resulting from such use.

According to 23 CFR 771, a Section 4(f) evaluation must be prepared when a project will require the use of 4(f) land. This evaluation is normally prepared as part of an EIS or Environmental Assessment. Under certain circumstances the evaluation may be prepared and submitted separately to the U.S. DOT Secretary or designee for approval. The final evaluation must include sufficient information to support a determination that the requirements of Items (1) and (2) above have been met. When historic resources are involved the final evaluation must also document completion of the requirements of 36 CFR 800.

Coastal Zone

The *Federal Coastal Zone Management Act of 1972* (16 U.S.C. 1451-1464) provides for development and implementation of coastal zone management programs (CZMP). Federal projects or Federally permitted development affecting the coastal zone must be, to the maximum extent possible, consistent with this program. A determination of consistency with the approved CZMP is required from the state before Federal approval can be granted. In California, this determination is made by either the State Coastal Commission, a local government having an approved Local Coastal Plan, or the San Francisco Bay Conservation and Development Commission (BCDC).

BCDC was created in 1965 with the passage of the *McAteer-Petris Act* (California Government Code Section 66600 et seq). BCDC is responsible for regulation of landfill and development in the San Francisco Bay portion of the California coastal zone. Any filling or dredging of the Bay or development within a 100-foot strip inland from the Bay requires a permit from BCDC.

The *California Coastal Act of 1976* (Division 20, Public Resources Code) established a permanent State Coastal Commission and reestablished the six temporary regional Commissions that had been created under the Coastal Initiative (Proposition 20) in 1972. The act required that each local government within the Coastal Zone (15 counties and 53 cities) prepare a Local Coastal Plan (LCP). Upon approval of the LCPs the regional Commissionswere phased out.

Within the legally defined geographic coastal zone limits (an area of 1,000 yards, or more in some locations, measured from high tide) agencies and individuals are required to obtain a permit from the appropriate local government before any development activities can take place.

Wildlife and Plants

The *Federal Endangered Species Act of 1973* (16 U.S.C. 1531-1543) provides a means whereby the ecosystems upon which endangered species and threatened species depend may be conserved. It also provides a program for the conservation of such endangered and threatened species.

Section 7 of the Act requires each Federal agency, in consultation with and with the assistance of the Secretary of the Interior, to ensure that actions authorized, funded, or carried out by such agency do not jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of habitat of such species unless such agency has been granted an exemption for such action.

The *California Endangered Species Act* (Fish and Game Code Section 2050 et seq.) declares that it is the policy of the state to conserve, protect, restore, and enhance any endangered species or any threatened species and its habitat. It requires state lead agencies to adopt reasonable and prudent alternatives or modifications to a project when the Department of Fish and Game finds that the project would jeopardize the continued existence of or result in the destruction or adverse modification of habitat essential to the continued existence of such species.

PLEASE REPLY TO:
☐ STATE CAPITOL
SACRAMENTO, CA 95814
(916) 445-3266

DISTRICT OFFICES:
☐ 5393 TRUXTUN AVENUE
BAKERSFIELD, CA 93309
(805) 395-2673
☐ 566 W. LANCASTER BLVD., NO. 1
LANCASTER, CA 93534
(805) 945-3544
☐ 825 N. CHINA LAKE BLVD.
ROOM B
RIDGECREST, CA 93555
(619) 375-5816

Assembly
California Legislature

PHILLIP D. WYMAN
ASSEMBLYMAN, THIRTY-FOURTH DISTRICT

COMMITTEES
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MEMBER
LITTLE HOOVER COMMISSION
JOINT COMMITTEE ON THE STATE'S ECONOMY

March 17, 1988

Mr. Nathan Shapell, Chairman
Commission on California State Government
Organization and Economy
1303 J Street, Suite 270
Sacramento, CA 95814

Dear Nathan:

We dissent in that part of the Little Hoover Commission's transportation report which recommends the establishment of a separate Blue Ribbon Ad Hoc Commission on Transportation.

We believe that the development of a strategic plan as envisioned by the Little Hoover Commission is good, but that it may be accomplished more cost effectively by directing the Governor's recently created Interagency Task Force on Transportation to work with the existing California Transportation Commission.

We believe that they might then jointly review and recommend needed changes in existing California law. This could be accomplished quickly by the introduction of a legislative resolution, by the Governor, or through the annual budget process.

Sincerely,

Phil Wyman

PHILLIP D. WYMAN
Assemblyman

M. LESTER OSHEA
Commissioner

GEORGE PARAS
Commissioner

BARBARA STONE
Commissioner