

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: October 8, 2013

Reference No.: 4.16  
Action

From: ANDRE BOUTROS  
Executive Director

Subject: **PROPOSITION 1B ADMINISTRATIVE COST SAVINGS UPDATE**

## **ISSUE:**

At the August 6, 2013 Commission meeting Caltrans presented a preliminary estimate of the savings from the Proposition 1B 2% administrative set aside that were available for allocation (attached). These estimates were preliminary and need to be refined, and a policy for the use of these funds should be adopted.

## **RECOMMENDATION:**

Commission staff recommends that Caltrans present a revised estimate that takes into account expenditures through the life of the programs, including audits, evaluations of project performance, and other follow-up accountability requirements.

Additionally, staff recommends the Commission adopt the following policies for the use of the administrative savings should they materialize:

1. The savings will be used to fund projects that will provide additional benefits to the traveling public. The savings will not be used to fund cost overruns on existing projects.
2. The savings will be programmed and allocated in the same manner as other projects in the individual programs.

Staff would note that the Commission may not be able to capture all of the administrative savings:

- Funds in the State-Local Partnership Program Account were only available for allocation over a five-year period.
- The Commission could only include a project in the Corridor Mobility Improvement Account Program if the project could commence construction or implementation no later than December 31, 2012.
- The Commission over-programmed projects in the Trade Corridors Improvement Fund Program. Any savings in this program should be used to offset this over-programming.

**BACKGROUND:**

The Commission is the agency responsible for the programming of the majority of the Proposition 1B (the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006) program. Pursuant to statute [Government Code Section 8879.20(b)], no more than 3 percent of the bond program funds can be used for administrative costs (defined in statute as “audit and program oversight costs for agencies, commissions, or departments administering programs”).

# 2% Bond Administrative Savings

| 2012-13 2% Bond Administrative Set Aside<br>(\$ in millions)                                |                          |
|---|--------------------------|
| Program   | Available for Allocation |
| Corridor Mobility Improvement Account (CMIA)  | 60                       |
| Trade Corridor Improvement Account (TCIF)   | 25                       |
| State Transportation Improvement Program (TFA)  | 5                        |
| Public Transportation Modernization, Improvement, and Service Enhancement Account (IC Rail) | 2                        |
| State/Local Partnership Program (SLPP)  | 12                       |
| Local Bridge Seismic Retrofit Program (LBSRP)   | 0                        |
| Grade Separations (HRCSA)   | 0                        |
| Traffic Light Synchronization Program (TLSP)  | 0                        |
| State Highway Operations and Preservation Program (SHOPP Aug)                               | 5                        |
| State Route 99 Improvements (SR 99)   | 14                       |
| Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) | 0                        |
| <b>Total</b>  | <b>123</b>               |