




August 5, 2019

To: Regional Planning and Highways Committee
From: Darrell E. Johnson, Chief Executive Officer 
Subject: 2020 State Transportation Improvement Program Overview

Overview

The State Transportation Improvement Program is a biennial five-year plan of projects adopted by the California Transportation Commission for future allocations of state transportation funds. Every two years, the Orange County Transportation Authority updates the program of projects to be funded through this program. An overview of the 2020 State Transportation Improvement Program process is presented for information purposes.

Recommendation

Receive and file as an information item.

Background

The State Transportation Improvement Program (STIP) is a five-year state funding program that is adopted by the California Transportation Commission (CTC) for transportation projects. The STIP is divided into two major funding categories: the Regional Improvement Program (RIP) and the Interregional Improvement Program (IIP). Seventy-five percent of the program is allocated to the RIP, which is then provided to counties by formula. The remaining 25 percent is provided to the California Department of Transportation (Caltrans) for projects of interregional significance and intercity rail projects through the IIP.

Projects eligible for the STIP must adhere to the STIP Guidelines and the Orange County Transportation Authority (OCTA) Capital Programming Policies (CPP) that were adopted by the Board of Directors (Board) on February 11, 2019 (Attachment A). OCTA is responsible for the development and programming of Orange County's share of the RIP portion of STIP revenues, which is submitted to CTC for approval. OCTA and Caltrans coordinate the development of projects that are considered for inclusion in the RIP and the IIP.

Every two years, the STIP fund estimate (FE) revenues are forecasted and programmed for the following five-year period. The revenue that supports the STIP derives from the price-based excise tax and Federal Highway Trust Fund. Historically, Orange County's share has been 6.45 percent of the total statewide RIP.

The previous 2018 STIP was approved on March 21, 2018, by the CTC. OCTA originally submitted for \$267.873 million in STIP funding for seven Measure M2 projects and OCTA planning activities. Orange County's approved 2018 STIP contained eight projects for Orange County and totaled \$260.501 million (Attachment B). Additionally, the 2018 IIP contained \$3 million for a passing siding project in the City of Laguna Niguel.

Discussion

Based on the draft FE, the 2020 STIP provides \$569.389 million statewide in new STIP capacity as compared to the final 2018 STIP, which included \$2.259 billion of new capacity. New capacity funding is traditionally for the last two years (fiscal year {FY} 2023-24 and FY 2024-25) and does not include carryover funding from the first three years (FY 2020-21, FY 2021-22, and FY 2022-23). For Orange County, the draft 2020 FE provides a target of \$6.960 million in new capacity. Over the past four STIP cycles, Orange County has averaged approximately \$62.6 million per cycle in new capacity. This \$6.960 million in new capacity, plus the existing \$176.285 million in 2018 STIP carryover projects, equals approximately \$183.245 million for the 2020 STIP. The final FE is subject to change prior to the adoption by the CTC in mid-August.

The 2020 STIP FE is significantly lower than the 2018 STIP, and the CTC has provided three reasons for the decrease.

- Consumption of gasoline and diesel fuels are projected to decrease, which directly affect the STIP revenues.
- The 2018 STIP FE included an assumption, which increased the price-based excise tax (PBET) from 11.7 cents per gallon to 14.1 cents per gallon. The California State Board of Equalization ultimately did not increase the PBET to 14.1 cents per gallon. This left a significant shortfall in revenue in the 2018 STIP, which now must be reconciled in the 2020 STIP.
- Several projects programmed in the prior STIP were advanced to align with SB 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017) funding. These advancements drew upon funds from the current 2020 STIP FE.

CTC staff indicated that the diminished 2020 FE would not have an adverse impact on currently programmed projects, but would not allow for funding advancements of existing projects, nor would they be able to accommodate cost increases in the STIP.

Staff will return to the Board in September 2019 with the proposed program of projects that is consistent with the Board-approved CPP. The updated program of projects may include modifications to existing projects, new projects, and requests to use local dollars to advance existing STIP projects.

OCTA will need to consider the updated 2020 STIP Guidelines in selecting projects for nomination. The 2020 STIP Guidelines include a minor change regarding uncommitted funds. Previously, the 2018 STIP Guidelines provided an exemption for projects seeking competitive SB 1 funds which were not fully funded. These projects would no longer be considered for STIP funding. The CTC may program a project component only if it finds that the component itself is fully funded, either from STIP funds or other committed funds.

Staff has communicated with key stakeholders, such as Caltrans, to solicit input (Attachment C). The meeting with Caltrans is also an opportunity for OCTA to discuss Caltrans' submittal of the IIP and the State Highway Operation and Protection Program. Staff expects to return to the Board next month with specific programming recommendations that are due by September 2019 to the Southern California Association of Governments for modeling purposes and to the CTC by December 15, 2019.

Summary

OCTA is responsible for the development and programming of the STIP projects for Orange County. With the upcoming 2020 STIP cycle, OCTA staff has started the process to consider priority projects for recommendation to the Board for the Regional Transportation Improvement Program submittal to the CTC.

Attachments


- A. Existing Capital Programming Policies by Fund Source, February 2019
- B. 2018 STIP CTC-Approved Projects
- C. 2020 State Transportation Improvement Program Development Schedule

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