

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 17, 2008
POSITION: Neutral, suggest amendments

BILL NUMBER: SB 286
AUTHOR: A. Lowenthal
RELATED BILLS: SB 803

BILL SUMMARY: Transportation Enhancement Funds: Conservation Corps

This bill would establish a process which permits Local Community Conservation Corps (LCCC) to compete at the regional level for federally provided Transportation Enhancement (TE) funds for environmental mitigation projects. With respect to federal funds made available to the state for transportation enhancement projects, this bill would:

- Require transportation planning agencies, county transportation commissions or authorities and congestion management agencies to adopt criteria that give priority in the selection of environmental mitigation projects to the sponsors of eligible projects that partner with, or commit to employ the services of, a LCCC, or the California Conservation Corps (CCC) to construct or undertake the project.
- Authorize local agencies and the Department of Transportation (Caltrans) to enter into cooperative agreements, or procurement contracts with LCCCs pursuant to certain simplified contract requirements.
- Require the California Transportation Commission, when developing guidelines for the State Transportation Improvement Program (STIP) and the State Highway Operations and Protection Program (SHOPP), to include guidance to encourage the allocation of funds for transportation enhancement projects to LCCCs and the CCC, either as applicants or as partners with applicants that commit to employ the services of corps members in the construction of those projects.

FISCAL SUMMARY

This bill could result in a mandate by requiring local agencies to adopt criteria that would give priority in the selection process. If it is determined that the agency is eligible to be reimbursed for mandates, the agency could recover the costs to develop the criteria.

COMMENTS

We believe that this bill is intended to be cost-neutral for affected local agencies and school districts. The intent of the Legislature and the Administration would be undermined if the bill were found to be a reimbursable state mandate; so Finance suggests that this bill be amended to remove the mandate.

Analyst/Principal (0752) J. Parks	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

A. Lowenthal

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ANALYSIS

A. Programmatic Analysis

Current law provides the use of State Transportation Improvement Program (STIP) funds for transportation improvement projects, including the construction of pedestrian and bicycle paths, and authorizes states to permit Local Community Conservation Corps (LCCC) to use Transportation Enhancement (TE) funds for the construction of eligible projects, also including pedestrian and bicycle paths, the preservation of historic buildings, enhancements to transit stops and stations, storm water handling projects, and other similar projects.

This bill would establish a process which permits LCCCs to compete at the regional level for federally provided TE funds for environmental mitigation projects. With respect to federal funds made available to the state for transportation enhancement projects, this bill would:

- Require transportation planning agencies, county transportation commissions, or authorities and congestion management agencies to adopt criteria that give priority in the selection of environmental mitigation projects to the sponsors of eligible projects that partner with, or commit to employ the services of, a LCCC, or the California Conservation Corps (CCC) to construct or undertake the project, instead of the lowest private contractor bid for the project.
- Authorize local agencies and the Department of Transportation (Caltrans) to enter into cooperative agreements, or procurement contracts with LCCCs pursuant to certain simplified contract requirements.
- Require the California Transportation Commission, when developing guidelines for the State Transportation Improvement Program (STIP) and the State Highway Operations and Protection Program (SHOPP), to include guidance to encourage the allocation of funds for transportation enhancement projects to LCCCs and the CCC, either as applicants or as partners with applicants that commit to employ the services of corps members in the construction of those projects.

Discussion: TE activities are federally funded, community-based projects that expand travel choices and enhance transportation infrastructure. According to Caltrans, in recent years, the state has received approximately \$60 million annually in TE funds. Of that amount, 75 percent is prioritized (programmed) by Regional Transportation Planning Agencies (RTPA) and 25 percent by Caltrans. Between fiscal year 2005-06 and fiscal year 2009-10, the state will receive an average of \$74.5 million annually. Since the inception of the TE program in 1991, the state has expended \$652.6 million in TE funds. Nearly half of the funds have been used to build bicycle and pedestrian paths and trails.

Local planners have other potential sources of funding for projects such as bicycle and pedestrian paths, through programs like the Safe Routes to School program. This bill would require the CTC to include in the guidelines for the STIP and SHOPP direction to RTPAs and Caltrans encouraging the allocation of state TE revenues to LCCCs and the CCC. This could divert these federal funds away from other higher priority construction projects that conservation corps may not have the equipment or qualifications to build.

Currently, TE funds are allocated to RTPAs, and then to the local agencies for community-based projects that expand travel choices and enhance the transportation infrastructure. The local agencies then contract with the lowest bid private contractor, an LCCC or a CCC to perform the project work.

If a community conservation corps began a TE project, received partial payment, and then failed to complete the project, they would be required to pay back the funds. However, unlike a local agency, because a community conservation corps is not likely to have future projects from which funds could be deducted, agencies would likely have difficulty collecting these funds.

ANALYSIS (continued)

A. Programmatic Analysis (continued)

Related Bills: SB 803 (Lowenthal) was vetoed by Governor in 2007 where he noted that in the use transportation enhancement funds, the department must ensure that these projects and sponsors represent the best use of these limited funds and that the criteria in SB 803 was overly broad.

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
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SB 803 included language that was similar to that in this bill, but the important difference is that this bill would not require that Caltrans adopt criteria to prioritize selection of projects.

B. Fiscal Analysis

Caltrans reports that project work performed by LCCCs generally costs more than private contractors or CCCs. If this bill were implemented, priority in project contract awards must be given to LCCCs or CCCs for project work. This could result in less projects being completed with available funds. By requiring local agencies to adopt criteria that would give priority to LCCCs or CCCs, this bill could result in a reimbursable mandate.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP								
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011		
2660/Caltrans	LA	No		-----	See Fiscal Summary	-----				0890
<u>Fund Code</u>	<u>Title</u>									
0890	Trust Fund, Federal									

Suggested Amendment

On page 4, line 16, strike out “shall” and insert “may.”