



2020 STIP Fund Estimate Final Assumptions

Presented to the
California Transportation Commission

2020 Fund Estimate Assumptions

- **Approval Needed for FE Assumptions**
 - Government Code, Section 14524 (d) & 14524 (c)
- **Direct Impact on STIP/SHOPP Program Capacity**
- **Potential Impact of May Revision & Final Budget Act**
- **Federal Transportation Act Status**

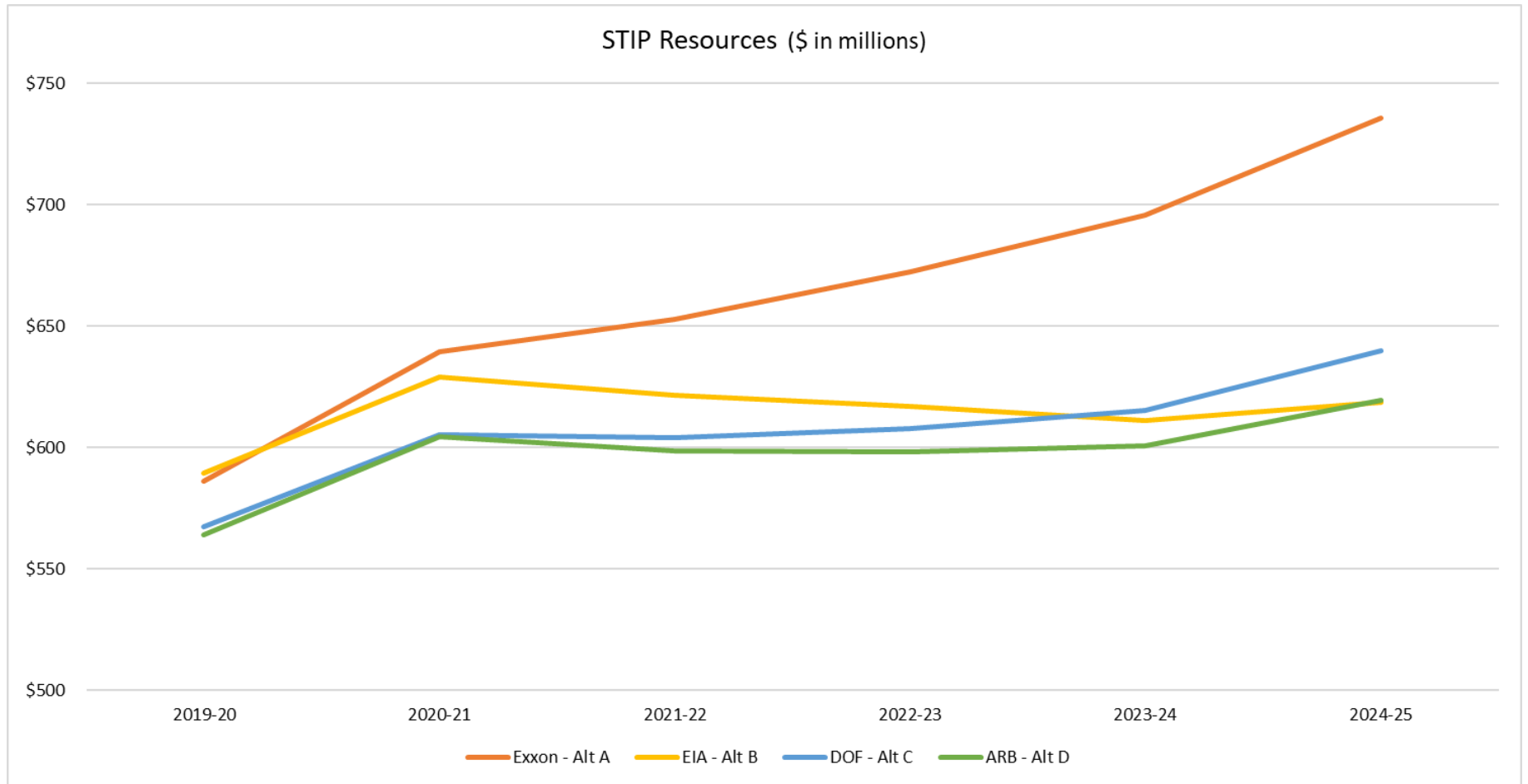
Prior Fund Estimate Accuracy

- Fund Estimate accuracy has consistently been impacted by changes to law or policy.
- Examples:
 - 2012 FE – Assembly Bill (AB) 115 characterized loans from the State Highway Account (SHA) to the General Fund as repayment for debt service and deferred repayment until 06/30/2021
 - A loss of approximately \$1.5 billion
 - 2014 FE – SB 85 required continuation of annual transfers from the SHA to Transportation Debt Service Fund
 - A loss of approximately \$66 million annually
 - 2016 FE – The incremental excise tax rate adopted by the Board of Equalization was lower than planned
 - A decrease of about \$801 million in STIP capacity over a five-year period
- Benefit of adopting the Fund Estimate every two years

Section One: Options

- **Economy's Impact on Revenues (Fuel Consumption Projections)**
 - No change from draft
 - **Department recommends Alternative C (Department of Finance projections):**
 - DOF has a track record for accuracy – within approximately 1% of actual
 - Consumption forecasts are more specific to California
 - Analyzes fuel types individually
 - DOF offers an updated look at consumption around May revise
 - Alternative C represents a moderate and reliable approach to consumption over the FE period

Graphic of STIP Resources



Section One: Options

● Federal Revenues

- No change from draft
- Department recommends Alternative B (Revenue escalation rate of 2.3 percent):
 - Continuation of current FAST Act escalation
 - The escalation rate of 2.3% is based on FHWA estimates
 - Approach is consistent with federal policy
 - Offers a moderate approach

Section One: Options

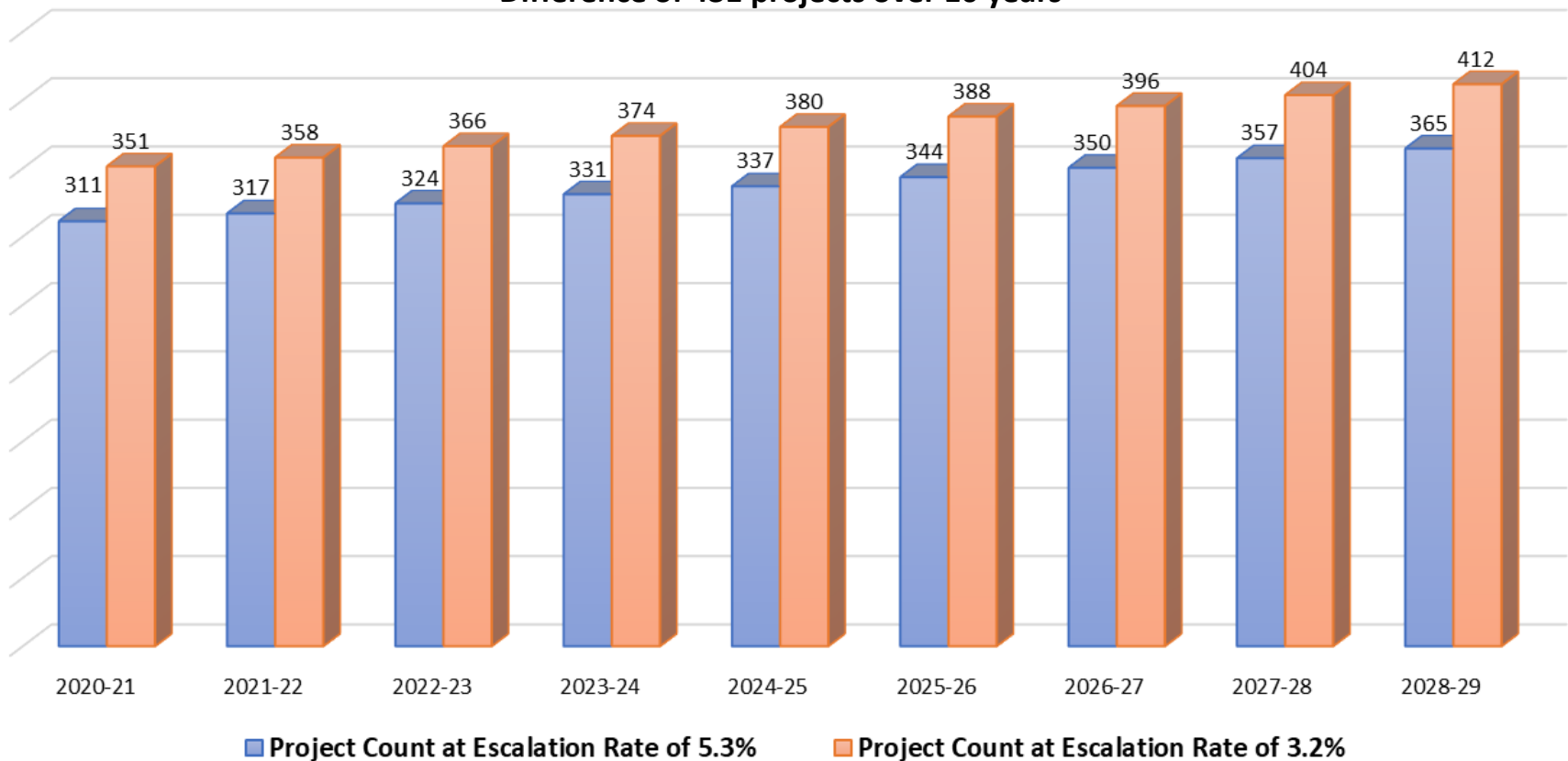
● Capital Project Cost Escalation

- No change from draft
- Department recommends Alternative B (Capital cost escalation of 3.2 percent):
 - Does not directly impact the FE calculations
 - Does not influence number of supplemental votes – project budgets are updated as the project phases are allocated
 - Only used for long-term estimation of project costs
 - Recommended rate maximizes the use of accumulated resources
 - Recommended rate allows planning and development of a desirable volume of projects

Capital Project Cost Escalation Impact

Annual Projects Programmable at Given Rates

Difference of 431 projects over 10 years



SHOPP Minor Program Background

- Created to address small-scale needs of the SHOPP
 - Beyond scope of Maintenance Program
 - Less extensive project development than complex SHOPP projects
 - Project amounts below \$1.25 million
 - Projects must start construction within one year
- Commission adapts SHOPP Minor Program annually
 - Project specific list is adopted
 - Commission approves revisions to program
 - Project allocations are reported at each CTC meeting
- Non capacity increasing – same as the SHOPP

Section One: Options

● Minor Reservation

- No change from draft
- Department recommends Alternative B (Increase Minor Reservation to \$250 million):
 - Encourages small business participation
 - Growing the contractor community
 - Increases partnering opportunities with local agencies
 - Allows for the completion of time sensitive projects
 - Prevents additional deterioration
 - Comprised of fast turn around projects
 - Low/no environmental or right of way
 - One year deliver
 - Consistent with Asset Management Plan

Minor Program Value Added Projects

Examples:

- Installing tidal gates to prevent flooding
- Replacing sand houses for snow control
- Rehabilitating pavement
- Mitigating bridge scour
- Providing rockfall protection
- Repairing components of a roadside resting areas
- Improving safety and removing accessibility barriers

Next Steps

- **Draft Fund Estimate presented to Commission in June 2019**
 - Any updates to assumptions will be discussed.

- **Final Fund Estimate scheduled for August 2019 meeting**
 - Adoption may be delayed up to 90 days by the Commission.