

# STATE RAIL ASSISTANCE

ALLOCATION PER PUBLIC UTILITIES CODE 99312.3

FORMAL DRAFT GUIDELINES

AUGUST 29, 2017

APPLICABLE FOR 2017-18 THROUGH 2019-20 FUNDING



# SRA Discussion Guidelines 2017-18 through 2019-20

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## Executive Summary

Senate Bill 1 (The Road Repair and Accountability Act of 2017) is a historic transportation measure that will provide over \$50 billion in the next decade to maintain and improve California's transportation system. Over the next ten years, SB 1 sets-aside approximately \$7.6 billion for rail and transit investments, and within that amount, approximately \$440 million is directed specifically to commuter rail and intercity rail. The scope of these guidelines is limited to the funding directed to commuter rail and intercity rail in section 99312.3 of the Public Utility Code, as added by SB 1. Similar to the State Transit Assistance program, these funds may be used for both operations and capital improvements. For the purpose of these guidelines, these commuter rail and intercity rail funds are referred to as State Rail Assistance (SRA).

State Rail Assistance will benefit the public by providing the state's commuter and intercity rail agencies with dependable supplemental revenue that is flexible to invest in the most cost-effective manner to improve rail service including, but not limited to the following:

1. Operations funding for expanded service, outreach, increased customer amenities, and discounted tickets, with a purpose of increasing ridership
2. Capital investments such as new and cleaner-emissions rolling stock (to increase capacity and reduce emissions), as well as track and station investments (which will reduce travel times, delays, improve accessibility and enhance the customer experience).

Public Utility Code section 99312.3 continuously appropriates the revenue received from a 0.5 percent sales tax on diesel fuel to State Rail Assistance. This revenue is estimated to be approximately \$25 million in 2017-18, \$39 million in 2018-19, and \$41 million in 2019-20. These revenue numbers are provided for planning purposes only. The estimates are based on the Department of Finance's May Revision Budget Forecast from May 2017 and future budgets forecasts will include new revenue estimates.

Public Utility Code section 99312.3 directs 50 percent of State Rail Assistance to intercity rail agencies, 50 percent to commuter rail agencies, and allows loans among agencies within each category. For commuter rail, statute directs an equal split of the funding from 2018-19 and 2019-20 to the state's five commuter rail providers. Future guidelines will define the distribution formula for 2020-21 and thereafter. For intercity rail, statute directs a minimum of 25 percent of funding to each of the state's three intercity rail corridors with regularly scheduled service. CalSTA will determine the allocation of the remaining 25 percent.

Based on statutory requirements and the May 2017 revenue forecast, allocations are expected as follows:

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<b>Commuter Rail Agency</b>	<b>Estimated Distribution</b>		
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Altamont Corridor Express Authority (ACE)	<b>\$2.5M</b>	<b>\$3.9M</b>	<b>\$4.1M</b>
North County Transit Development Board (Coaster)	<b>\$2.5M</b>	<b>\$3.9M</b>	<b>\$4.1M</b>
Peninsula Corridor Joint Powers Board (Caltrain)	<b>\$2.5M</b>	<b>\$3.9M</b>	<b>\$4.1M</b>
Sonoma-Marín Area Rail Transit District (SMART)	<b>\$2.5M</b>	<b>\$3.9M</b>	<b>\$4.1M</b>
Southern California Regional Rail Authority (Metrolink)	<b>\$2.5M</b>	<b>\$3.9M</b>	<b>\$4.1M</b>
<b>Intercity Rail Agency</b>	<b>Estimated Distribution</b>		
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Capitol Corridor Joint Powers Authority	<b>\$3.1M</b>	<b>\$4.9M</b>	<b>\$5.1M</b>
LOSSAN Rail Corridor Agency (Pacific Surfliner)	<b>\$3.1M</b>	<b>\$4.9M</b>	<b>\$5.1M</b>
San Joaquin Joint Powers Authority	<b>\$3.1M</b>	<b>\$4.9M</b>	<b>\$5.1M</b>
Flexible for intercity rail agencies, public agencies authorized to plan and/or manage intercity rail operations for aspiring corridors, and Caltrans	<b>\$3.1M</b>	<b>\$4.9M</b>	<b>\$5.1M</b>

Recipient agencies will report on the planned operations and capital improvements funded with these revenues, so the state can include the benefit of this program in Road Repair and Accountability Act of 2017 reporting. These guidelines describe the processes for project reporting and anticipated timeline for allocation.

## Introduction

### Senate Bill 1 and State Rail Assistance

Senate Bill 1 (The Road Repair and Accountability Act of 2017) is a historic transportation measure that will provide over \$50 billion in the next decade to maintain and improve California's transportation system. Over the next ten years, SB 1 sets-aside approximately \$440 million specifically to commuter rail and intercity rail. The scope of these guidelines is limited to the funding directed to commuter rail and intercity rail in section 99312.3 of the Public Utility Code, as added by SB 1. Similar to the State Transit Assistance program, these funds may be used for both operations and capital improvements. For the purpose of these guidelines, the commuter rail and intercity rail funds are referred to as State Rail Assistance (SRA).

### Senate Bill 1 and other rail and transit funding programs

In addition to State Rail Assistance, SB 1 funds other transit and rail programs through multimodal funding programs, and creates other opportunities to fund rail and transit improvements. Other SB 1 rail and transit funding programs include: an augmentation for State Transit Assistance (about \$4.3 billion over ten years) and an augmentation for Transit and Intercity Rail Capital Program (about \$3.0 billion over ten years). SB 1 multimodal programs that may be used for transit and rail include: the Solutions for Congested Corridors Program (\$2.5 billion over ten years), the Local Partnership Program (\$2 billion over ten years), and an augmentation to the State Transportation Improvement Program (\$1.1 billion over ten years). In addition to SB 1 funding, rail also continues to benefit from California Climate Investment Program funds from Cap and Trade auctions, which fund the Transit and Intercity Rail Capital Program and Low Carbon Transit Operations Program. Finally, intercity rail benefits from ongoing state funding for existing operations and rolling stock through the Caltrans Intercity Rail Program budget. Rail agencies are encouraged to consider the range of funding available from local, state, and federal sources, and accordingly decide how they can utilize the State Rail Assistance program to maximize the quality of the rail service for riders.

### State Rail Plan, California Transportation Plan 2040, and Regional Transportation Plans

The draft State Rail Plan will be under review in 2017, and the final plan adopted in 2018. This plan, with the broader California Transportation Plan 2040 and Regional Transportation Plans that include SB 375 Sustainable Community Strategies, will guide rail investments in ways that integrate the services of multiple rail and transit operators to maximize public benefits. The State Rail Assistance funds are primarily formulaic, but they present the opportunity for recipient agencies to use these SB 1 funds in collaboration with partners to further the benefits of coordinated service and planning. This will strengthen the future projects in competitive SB 1 funding programs.

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## Public Benefit from Rail Investments

As part of the development of the State Rail Plan, Caltrans recently released a summary report from the University of California, Berkeley called *Rail and the California Economy*. Passenger rail benefits riders and non-riders in many ways, including: providing a peak travel-time option that is often faster than congested highways, providing a comfortable travel option for passengers to relax or work on the train, improving the environment by generally reducing pollution relative to individual car trips and encouraging high density and compact land development to increase environmental and natural land preservation benefits.

## State Rail Assistance Funding Process

As added by SB 1, Public Utility Code section 99312.3 continuously appropriates the revenue received from a 0.5 percent sales tax on diesel fuel to State Rail Assistance. This revenue is estimated to be approximately \$25 million in 2017-18, \$39 million in 2018-19, and \$41 million in 2019-20. These revenue numbers are provided for planning purposes only. The estimates are based on the Department of Finance’s May Revision Budget Forecast from May 2017, and future budgets forecasts will include new revenue estimates.

Public Utility Code section 99312.3 directs 50 percent of State Rail Assistance to intercity rail agencies, 50 percent of revenue to commuter agencies, and allows loans among agencies within each category. For commuter rail, statute directs an equal split of the funding from 2018-19 and 2019-20 to the state’s five commuter rail providers. Future guidelines will define the distribution formula for 2020-21 and thereafter. For intercity rail, statute directs a minimum of 25 percent of funding to each of the state’s three intercity rail corridors with regularly scheduled service, these guidelines direct the process for allocation of the remaining 25 percent.

Based on statutory requirements and the May 2017 revenue forecast, allocations are estimated as follows; however, these numbers will fluctuate somewhat due to future changes in the price of diesel fuel and consumption:

Commuter Rail Agency	Estimated Distribution		
	2017-18	2018-19	2019-20
Altamont Corridor Express Authority (ACE)	\$2.5M	\$3.9M	\$4.1M
North County Transit Development Board (Coaster)	\$2.5M	\$3.9M	\$4.1M
Peninsula Corridor Joint Powers Board (Caltrain)	\$2.5M	\$3.9M	\$4.1M
Sonoma-Marín Area Rail Transit District (SMART)	\$2.5M	\$3.9M	\$4.1M
Southern California Regional Rail Authority (Metrolink)	\$2.5M	\$3.9M	\$4.1M
Intercity Rail Agency	Estimated Distribution		
	2017-18	2018-19	2019-20
Capitol Corridor Joint Powers Authority	\$3.1M	\$4.9M	\$5.1M
LOSSAN Rail Corridor Agency (Pacific Surfliner)	\$3.1M	\$4.9M	\$5.1M
San Joaquin Joint Powers Authority	\$3.1M	\$4.9M	\$5.1M

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Flexible for intercity rail agencies, public agencies authorized to plan and/or manage intercity rail operations for aspiring corridors, and Caltrans	<b>\$3.1M</b>	<b>\$4.9M</b>	<b>\$5.1M</b>
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New forecast numbers will be available from the California Department of Finance when the Governor's Budget is released each January and with the May Revision of the Governor's Budget each May. Since funding levels will fluctuate with the price of diesel fuel, and given the continuous appropriation of funds to this program, programming requests that utilize all or most of the three fiscal years of funding indicated in the table above may be permitted with CalSTA approval to utilize FY 2020-21 funding should actual revenues fall short of the estimates. In the case of Commuter Rail Agencies, which are subject to a revised formula starting in FY2020-21, the adjustment required to handle any shortfalls would be off-the-top of FY2020-21 funding, and only remaining funds would be subject to the new formula in FY2020-21.

For the intercity rail funds that are flexible for award to existing corridors, aspiring corridors, and Caltrans; CalSTA will award these funds after dialogue with eligible recipients and stakeholders. Prior to award of any flexible funds, CalSTA will provide public notice, invite public comment, and invite eligible recipients to meet with CalSTA to discuss project ideas. Eligible recipients will be invited to submit a letter formally requesting flexible funds and describing their proposed project. CalSTA will favor projects that will promote connectivity, integration of intercity rail service, and projects that have the greatest potential to grow rail ridership. CalSTA will consider geographic balance over multiple award cycles, but retains flexibility in any given funding round to select the best project or projects.

### Implementation – Approval of Projects and/or Spending Plans

CalSTA will work with rail agencies and other stakeholders through draft guideline development, to project completion, including guideline adoption and project selection. After State Rail Assistance guidelines are adopted, CalSTA will invite eligible agencies to submit an Allocation Request for purposes of validating project eligibility, documenting expected benefits of the spending, and especially, for purposes of transparency and accountability for SB 1 expenditures. The guidelines describe the process that each agency must follow to receive their allocation. The agency will receive their allocation of funds once they have submitted an Allocation Request, and CalSTA has determined the project meets all requirements of the program. Disbursements may occur as frequently as each quarter, if requested by the recipient agency.

### Stakeholder Consultation to Maximize Public Benefits

Since the majority of these funds are distributed by formula, the State's role is largely confined to certifying project eligibility and ensuring reporting and accountability of program expenditures. Primary responsibility is assigned to each recipient rail agency and their respective public boards to ensure funds are spent in a cost-effective manner to *maximize* public benefit.



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Recipient rail agencies are strongly encouraged to engage with stakeholders in crafting State Rail Assistance expenditure plans. Stakeholders should include, but should not necessarily be limited to the following groups:

- Individuals and groups representing the general public, including those representing disadvantaged and low income communities
- Elected representatives at the local, state and federal levels, and plans and policies developed at all levels of government
- State, Regional, and Local transportation planning entities and their respective transportation plans
- The California Air Resources Board and regional air boards, who may be provide expertise and be funding partners in clean technology and investment

To ensure public transparency and opportunities for public engagement, recipient rail agencies must adopt their State Rail Assistance expenditure plan at a public meeting of their boards.

### [Updates to the Guidelines](#)

CalSTA plans to finalize guidelines in October 2017 for the funding period that covers 2017-18 through 2019-20. CalSTA reserves the right to reopen and revise these guidelines at any time, at its discretion. CalSTA will issue a new set of guidelines prior to 2020-21 to cover funding in from that year and subsequent years.

## Roles and Responsibilities

### Department of Tax and Fee Administration

The Department of Tax and Fee Administration collects the sales tax on diesel fuel, of which 0.5 of the rate is directed to State Rail Assistance. The Department of Tax and Fee Administration already reports estimated diesel sales tax revenue quarterly, for purposes of State Transit Assistance, and reports this information to the Department of Finance.

### Department of Finance

Upon receipt of quarterly diesel sales tax reports from the Department of Tax and Fee Administration, the Department of Finance will forward this information to CalSTA.

### California State Transportation Agency

CalSTA is responsible for developing and updating the program guidelines, including administrative and reporting requirements and disbursement of funds. CalSTA will utilize the expertise of the Caltrans Division of Rail and Mass Transportation in administering this program, and may delegate certain duties or responsibilities of the program to the Department.

### Recipient Rail Agencies

Recipient rail agencies are responsible for adhering to the requirement of statute and guidelines as a condition of receiving State Rail Assistance funds.

## Eligible Recipients & Loan Authority

Eligible recipients are those that meet the definition in Public Utilities Code 99312.3, which are (1) public agencies, including joint powers agencies, responsible for state-supported intercity rail services, and (2) public agencies, including joint powers agencies, responsible for commuter rail services.

<b>Commuter Rail Agency</b>
Altamont Corridor Express Authority (ACE)
North County Transit Development Board (Coaster)
Peninsula Corridor Joint Powers Board (Caltrain)
Sonoma-Marín Area Rail Transit District (SMART)
Southern California Regional Rail Authority (Metrolink)
<b>Intercity Rail Agency</b>
Capitol Corridor Joint Powers Authority
LOSSAN Rail Corridor Agency (Pacific Surfliner)
San Joaquin Joint Powers Authority
Caltrans & public agencies authorized to plan and/or manage intercity rail operations for aspiring rail corridors

Statute directs that guidelines include provisions providing authority for loans among agencies within each category of Commuter Rail and Intercity Rail. Eligible Recipients are defined below as either a Lead Agency or a Contributing Sponsor to facilitate loans or transfers between agencies.

### Lead Agency

The Lead Agency is an eligible recipient of State Rail Assistance funds that is responsible for requesting funds and the implementation of the project or expenditure plan. The Lead Agency is also responsible for submitting a complete Allocation Request, and ensuring funds are only applied to approved expenditures, in accordance with these guidelines. Lead Agencies may receive funds from contributing sponsors that support the approved project, where the Lead Agency will also ensure that the appropriate signatures are included with final Allocation Requests from the contributing sponsor. Once an Allocation Request is approved and authorized for funding, the CalSTA will send State Rail Assistance funds directly to that Lead Agency. The Lead Agency is also responsible for:

1. Oversight and/or performance of all work from receipt of funding through completion of the project.

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2. Establishing a bank account for SRA funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to SRA funds.
3. All project documentation including but not limited to: Allocation Request, Corrective Action Plans, Reports, Project Audits, and any additional information needed in the event of an audit. Please review the Reporting section for greater detail.
4. Comply with all applicable California Environmental Quality Act (CEQA), civil rights and environmental justice obligations under state and federal law.
5. Maintaining copies of project records for three years after the Final Project report or Final Phase report is submitted.

### Contributing Sponsor

The contributing sponsor is an Eligible Recipient that passes some or all of their SRA funds to the Lead Agency to support a project. CalSTA is not responsible for tracking funding agreements (borrowing, loaning, delegating, relinquishing funds, etc.) between Eligible Recipients, including the lead agencies and contributing sponsor. CalSTA will track allocation amounts to ensure funding is accurate per the formula distribution and track contributing sponsors signature of agreement in order to pass their fund to the Lead Agency who will carry out the project requirements.

## Project Eligibility

State Rail Assistance was created to provide operating and capital assistance for commuter and intercity rail agencies. Public Utilities Code 99312.3 does not provide any additional direction beyond subdivision (c) of that section that specifies: *The funds made available by this section may be used for operations and capital improvements.* These guidelines permit projects that cover a full range of transportation planning and mass transportation purposes, with the direction that rail agencies spend these funds in a cost-effective manner to provide operations and capital improvements for the benefit of the public. Transportation planning efforts includes, but is not limited to, service development plans, environmental reporting, feasibility studies, alternative analysis, strategic plans, ridership modeling, multi-agency integration efforts, schedule optimization, and long-and short-range transit planning. The Allocation Request section of these guidelines, requires reporting of expenditures by category for purpose of SB 1 reporting and accountability; however, primary responsibility is assigned to the recipient rail agencies to *maximize* public benefit with these funds. The State role is to confirm operations and capital improvement are likely to be achieved with the proposed projects or expenditure plans submitted, and that proposed expenditures are consistent with the broad definition of mass transportation purposes.

A companion measure to SB 1 is Assembly Constitutional Amendment 5 (ACA 5), which if approved by voters at the November 2018 general election would amend Article XIXA of the California Constitution to restrict expenditure of these funds to only transportation planning and mass transportation purposes. Given that mass transportation service is the core service provided by all of the agencies eligible to receive these funds, the adoption of ACA 5 is not expected to impact the projects approved for State Rail Assistance. However, agencies spending SRA funding will be expected to comply with all statutory and constitutional requirements whether specifically addressed in the SRA guidelines or not.

## Allocation Request and Award Requirements

This section will highlight how an agency should request their allocation and the requirements for the awarded projects that the Lead Agency and Contributing Sponsor must comply with and or submit.

### Allocation Request Form

The Lead Agency must submit to CalSTA a description of the proposed rail expenditure or expenditures it intends to fund with the State Rail Assistance allocation. A guide for this form is available as Attachment A (pending). The State Rail Assistance Allocation Request form is the basis for CalSTA's verification that the project is consistent with State Rail Assistance requirements and is provided as Attachment B (pending) and available online at: (website pending). This document, provided as an excel document with multiple worksheets, will include all project information, project sponsors, authorized signature page, detailed description of projects major benefits, project schedule, etc. Please note that a complete Allocation Request must be submitted in order to receive an agency's apportionment. This will allow the state to release funds annually or quarterly to the Lead Agency's bank account where funds could potentially accrue interest.

Any Contributing Sponsor(s) must also sign the Allocation Request form indicating the dollar amounts to be contributed, or provide a signed letter detailing this information. If there are multiple contributing sponsors, each sponsor must sign the Allocation Request indicating their respective portion of funds being contributed or submit a signed letter with the required information as described above.

### Authorized Agent Form

The executive authority of an eligible recipient of State Rail Assistance funds must submit to CalSTA a signed and dated Authorized Agent form that is Board approved, identifying the agent(s) who is (are) given authority to act for the executive authority to submit the Allocation Request form and all reporting documents. If there is a change in the Authorized Agent(s), the eligible recipient must submit a new form. This form is required even when the Authorized Agent is the executive authority. The form is provided as Attachment C (pending) and available online at: (website pending).

### Certifications and Assurances Form

Before submitting an Allocation Request, the eligible recipient must submit a self-certification that he/she will meet all requirements of the State Rail Assistance Guidelines, including all reporting deadlines. Only Allocation Requests from agencies with a signed Certifications and Assurances document on file will be accepted. Agencies who do not have this form on file must submit a signed Certification and Assurances with their Allocation Request. This form must be

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Board approved and is provided as Attachment D (pending) and available online at: (website pending).

## Total Project Cost and Funding Plan

Attachment F (pending) provides an itemized list of all fund sources for full project costs. This will detail a break-out of each fiscal year of State Rail Assistance contributions. The Lead Agency must provide a Total Project Cost and Funding Plan for the project that shows **all** fund sources (not just the SRA portion) needed to complete the project. If future year State Rail Assistance funding is to be dedicated to the project, include those funds on the Total Project Cost and Funding Plan sheet and list the estimated amount in the appropriate fiscal year. The **Authorized Agent must sign the statement on the Funding Plan to assume all fiscal responsibilities.**

To ensure that State Rail Assistance expenditures are *not supplanting* existing transit funding sources, a recipient agency receiving SRA funds shall certify that the funds will not be used to supplant revenue that would otherwise be available for rail operations and capital improvements. CalSTA may authorize a recipient agency to shift funds across projects or across project phases, if the recipient agency certifies the shifts do not reduce available funding for rail operations and capital improvements. CalSTA may audit recipient agencies' to determine whether SRA funds are being used to supplant funding. If it is determined by the State, that an agency is in fact supplanting SRA funds, that agency may be subject to adverse action.

## Board Resolutions

The Authorized Agent, Certifications and Assurances Board Resolution, and Project Board Resolution may be combined into one Board Resolution. A sample is provided as Attachment J and K (pending) in the Appendix.

The Project Resolution must include a description of the project, the amount of State Rail Assistance funds requested. This resolution is crucial and demonstrates the project was publicly reviewed. It is recommended that agencies utilize the sample project board resolution for use when submitting the Allocation Request to ensure all language is captured. A Lead Agency may combine multiple SRA Projects on one resolution, but each project must be listed separately or bulleted. Board Resolutions are also available at: (website pending).

## Bank Account

Once an Allocation Request is approved, CalSTA will release the allocation amount to the Lead Agency. The Lead Agency must deposit funds into a dedicated bank account that will hold only SRA funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to SRA funds. When the agency submits their Semi-Annual reports, they are required to submit a copy of their most recent bank statement.

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## Fund Roll-Over

If the agency is not prepared to initiate a project in the current fiscal year, they may roll funds over into a subsequent fiscal year, accruing a maximum of **4** years of SRA funds for a more substantial project. All funds must be applied to the project within four years. Approved projects must also be completed and funds expended within the subsequent 4 years.

If the Lead Agency intends to roll over funds or hold funds for a more substantial project, a **full Allocation Request must be submitted for each year.** For the period covered by these guidelines (2017-18 through 2019-20), a Lead Agency may submit all years up front or submit annual requests each year. Unrequested funds **will** be held by the state during the 2017-18 through 2019-20 period. Future guidelines may include provision for loans or reallocation of any 2017-18 through 2019-20 funds that do not have an allocation request. After the project has been fully reviewed and approved, CalSTA will release the requested funds to the Lead Agency as often as quarterly as funds are received to be deposited in the dedicated SRA bank account. Funding received in the first year will remain in the account while the subsequent year(s) funds are accrued and added to the account. Upon receipt of the *final* year's funding, whether it's for four years or less, the agency will have six months to begin the project.

## Reassigning Funds to a New or Existing Eligible State Rail Assistance Project

Lead Agencies may find that they have surplus funds at the completion of an approved SRA project or they may determine the funded SRA project is no longer a high priority or feasible. As a result, the Lead Agency may apply to reassign funds to a different approved SRA project. If the project is complete and there are surplus funds, an agency should include the proposed use for the surplus funds as part of the required Final Report. If use of surplus funds has not yet been determined, CalSTA staff shall treat the project as on-going (incomplete) until the agency identifies an eligible SRA project to receive the surplus funds. If the agency elects to reprioritize eligible projects and redirect approved SRA funds to an alternate project, a Corrective Action Plan (CAP) for the original project must be submitted. The alternate project must be approved by CalSTA. If the alternate project is not a previously approved SRA project, the project lead must submit a completed Allocation Request and comply with all requirements of the application process.

## Reassigning Funds to a NEW Eligible State Rail Assistance Project:

- The Allocation Request for the reassigned funds should be treated the same as an Allocation Request submitted for new funding, and all required documents must be submitted in the same manner.
- The new project must expend the funds within the time limits of the original allocation of funds.
- CalSTA will review and approve or deny the reassignment within 30 days. The new Allocation Request must have all the authorized signatures of the same agencies as



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the original project, indicating all contributing sponsors are aware of the new use of their contributed funds.

- **The Lead Agency may not expend surplus funds from the new project before receiving written approval from CalSTA authorizing the Lead Agency to do so.**

### Reassigning Funds to an *EXISTING* State Rail Assistance Project:

- The Lead Agency must submit a CAP for the project that will no longer be using SRA funds. The justification should list the project that will receive the reassigned funds.
- An additional CAP is to be submitted for the existing approved SRA project receiving the reassigned funds. This CAP should list the original fund amounts and the revised amounts based on the transfer of funds following the steps listed above.
- The reassigned funds must be expended within the time limits of the original allocation of funds.
- If there are any contributing sponsors to the reassigned funds, the Lead Agency must have sign-off from the contributing sponsor for the change in use of their funds. This may be documented by adding signature lines to the CAP or including a signed letter from the contributors indicating agreement of the use of their funds.
- If Caltrans staff determines an agency has a pattern/history of reassigning the same funds multiple times, the agency may be placed on the list of high risk project leads and could be subject to a spot audit (see section on spot audits).

Agencies who fail to submit revisions made to the CAP as requested by CalSTA and/or are delinquent in other required reports and submittals, may have additional allocations of SRA funds suspended until all delinquent items have been submitted and approved, as determined by CalSTA.

### Interest Earned

Interest on SRA funds must be used in the same manner as the principal. Interest earned must only be used for approved SRA projects. If the project costs exceed the amount on the approved Allocation Request, any interest earned may be applied to the project. The Lead Agency must first submit a CAP and receive Caltrans approval of that CAP before any interest earned may be applied to the project. Interest remaining after a project closeout must be applied to another approved SRA project. Any unused interest not applied to a current project should be applied to the next Allocation Request submitted and used prior to or along with, the allocation of additional funds. CalSTA will inquire about the status of unused interest every six months until said interest earned is exhausted.

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## State Rail Assistance 2017-18 Calendar

<b>Allocation Request Schedule:</b>	
CalSTA posts Final State Rail Assistance Guidelines	October 2017*
CalSTA notifies agencies of available funding for the fiscal year	October 2017*
Transit agencies submit Allocation Requests to CalSTA	December 15 2017*
CalSTA approves project lists	January 31 2017*
CalSTA commences quarterly allocations	February 2017*
<b>Reporting Schedule:</b>	
Semi-Annual Report due to CalSTA (on data January 1 – June 30)	August 15 <sup>th</sup> Starting 2018
Semi-Annual Report due to CalSTA (on data July 1 - December 31) <small>*Subject to Change</small>	February 15 <sup>th</sup> Starting 2019

## State Rail Assistance Allocation Request Submittal

The following required documents must be mailed hard-copy to CalSTA. This includes:

- Signed original Allocation Request
- Authorized Agent form
- Certifications and Assurances
- Funding Plan
- Board Resolutions

**Mailed to:**  
**State Rail Assistance Program**  
**California State Transportation Agency**  
**915 Capitol Mall**  
**Sacramento, CA 95814**

In addition, a scanned copy of the completed request **and excel documents** of the Allocation Request, Total Project Cost, Funding Plan are required to be **e-mailed** to [SRA@CalSTA.ca.gov](mailto:SRA@CalSTA.ca.gov). **One Allocation Request per email** to be sent by the Lead Agency.

**Please note:** An agency must submit revisions to any documents requested by CalSTA and should not be delinquent in required reports. Agencies may not receive additional allocations of SRA funds until all delinquent items have been submitted and approved.

## Reporting Obligations

State Rail Assistance requires reporting so the State can itself report on the use of the funds and status of projects, and in order to reflect project progress in other funding, planning and approval processes of the state. This section will highlight all of the reporting requirements that rail agencies must complete.

### Project Profile

The following project information is required from each Project Lead and is provided in the Allocation Request:

1. ID Number (file number assigned by CalSTA after all allocations are received)
2. Project Type (i.e., expand transit service, enhancement projects)
3. Project Description
4. Location (address, county, Lat/Long, etc.)
5. Total amount of SRA dollars to be allocated
6. Total Project Cost and leveraged funds
7. Project Schedule
8. Estimated Co-benefits (i.e., connectivity and integration with other rail operators, benefits to disadvantaged or low income communities, benefits for station-area development, or other benefits Project Leads may wish to cite)

### Semi-Annual Progress Report

The project's Lead Agency is required to report semi-annually to CalSTA on the activities and progress of each approved and allocated project to ensure activities are performed timely, within approved scope and cost, and are achieving the intended purpose for which they are to be utilized. The Lead Agency must notify CalSTA when allocated SRA funds have been liquidated and must provide completed and signed progress reports every six months until an approved project is completed, and the final project report has been filed.

Reports will cover information accrued from July 1<sup>st</sup> to December 31<sup>st</sup> and January 1<sup>st</sup> to June 30<sup>th</sup>. The reports will be due by February 15<sup>th</sup> and August 15<sup>th</sup>, respectively.

The report consists of two sections, the "Semi-Annual Report" and the "Semi-Annual Itemized Expenditure Table". This report must contain accurate and up-to-date information on the progress of each project. Reports will only be accepted by CalSTA staff when determined to be complete and accurate. **Bank statements for June 30th or December 31st must be attached to the expenditure table.**

All projects are expected to begin work within six months of becoming fully funded. Should a project experience any delays, the cause of such delay must be reported as an amendment, under "Justification for Change". This amendment section should only be used for minor changes to the project and to discuss delays in the start date. Should there be a major change, a full

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Corrective Action Plan (CAP) is required. Any justification deemed inadequate by CalSTA will be questioned and the agency will be asked to provide further information. If projects have not begun within six months of the project becoming fully funded, the report must include a clear description of the circumstances delaying the project which leaves no question that the circumstances were unforeseen, uncommon, and beyond the control of the agency. The description must include information indicating specific steps the agency plans to take to keep the project on task. Agencies with a project that is repeatedly delayed will be encouraged to reassign the funds and complete a CAP.

If the agency is accruing SRA funds over a period of two years or more, a full Semi-Annual report will not be required until the project is fully funded and ready to go. However, a bank statement will still be required to verify the receipt of each year of SRA funds and the establishment of the dedicated bank account. A copy of the bank statement will continue to be required, due concurrently with Semi-Annual report requirements, until the project has started, at which time the Semi-Annual reports will begin. Funding received in the first year may remain in the account until the second, third and/or fourth year funds are accrued and added to the account. At that time, assuming the project is fully funded, the agency will have six months to begin the project.

All reports must reflect accurate and complete project information. Any incomplete or inaccurate reports will not be accepted and will be considered delinquent until submitted with corrections and/or additional information as requested by CalSTA. Agencies found to have submitted inaccurate information will be placed on the list of high risk project leads and could be subject to additional spot audits.

Upon receiving a written request that includes a justification for reduced reporting, CalSTA may allow reporting on an annual basis for projects receiving State Rail Assistance funding, and will indicate its approval in writing. However, should supplemental reporting be needed in order to support state decision-making, Lead Agencies will be expected to be responsive in a timely fashion in providing up-to-date project reporting.

**Agencies, with delinquent reports will not receive further State Rail Assistance allocations until reports have been received by CalSTA.**

### Corrective Action Plan

To change an approved Allocation Request, including any changes to the originally approved scope, schedule, or cost, the Lead Agency must first obtain approval from CalSTA by submitting a Corrective Action Plan (CAP). This must be done before funds can be applied to any use other than the current project's approved scope of work. Funds may not be used on an alternate project until the CAP has been submitted and approved. If the funds are being applied to an alternate project, it must have an approved SRA Allocation Request on file. The CAP must indicate any potential changes in the scope, approved funding amounts, and schedule. If the scope of work

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changes the type or level of benefits, the changes must also be reflected in the benefit description, with revised estimates of benefits listed.

If the project schedule is being revised to reflect any delays or obstacles, an adequate justification must be given in the CAP. All CAPs must have the justification for change completed. If a justification is not deemed adequate by CalSTA, the agency will be asked to provide a revised justification before the CAP is approved. The project change may not move forward until CalSTA has approved the CAP.

If it is discovered that an agency has begun spending funds on a task or project outside the approved scope of work prior to submitting a CAP or prior to CalSTA approval of the CAP, the agency will be placed on the list of high risk Lead Agency. The State is entitled to recover any and all funds that are spent on an ineligible expenses.

**Upon receipt of the CAP, CalSTA has 30 days to review and approve/not approve the document. Agency may not proceed without CalSTAs' approval of the CAP.**

### Final Project Report

Once a project has been completed, the Lead Agency must notify CalSTA by email or letter and submit a final project report within six months of completion. Please note, once an agency has received all SRA funding for a particular project, the project must be fully expended within four years. The final project report includes:

1. Final Project Report Form: Includes the comparison of actual project performance of the final project to project performance when the allocation was requested. It will also include summarized information regarding co-benefits for the project.
2. Final Project Itemized Expenditure Table: Complete this table and attach the latest bank statement from the SRA dedicated bank account.
3. Verification: Project completion as scoped must be verified. The Lead Agency will provide evidence of project completion, including photograph(s) of the completed project. Evidence of project completion can be satisfied by submitting the required photographs and one or more of the following: A copy of the final invoicing; and a copy of the punch list from the facility's final walk through; and a copy of the Title, if the project is to procure a vehicle. This list includes a samples of what can be used to show evidence regarding completion of a project. Please contact SRA staff to discuss alternatives that may exist for your circumstances. In the case of a planning project, the completed plan shall be submitted to satisfy verification requirements.
4. Savings: If the project has been completed with a savings, the report should indicate the amount of savings and how those funds will be applied towards an approved SRA project. Any project cost savings not reassigned to current project should be applied to the next Allocation Request submitted, and used prior to, or along with, the allocation of

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additional funds. CalSTA, will inquire about the status of any outstanding cost savings every six months until said savings are exhausted.

Please ensure that expended interest and all other information in the final report are properly reported. Incomplete or incorrect reports will not be accepted and will be considered delinquent until corrections are provided. Agencies with delinquent reports **will not** receive further SRA allocations until completed and/or corrected reports have been received by CalSTA.

### Project Audit

Annual audit of public transportation operators required under the Transportation Development Act (TDA), per PUC 99245, must include verification of receipt and appropriate expenditure of funds. Project leads receiving SRA funds in a fiscal year for which a TDA audit is conducted must submit a copy of the audit to Caltrans by December 31<sup>st</sup>, six months after the close of the fiscal year (closes June 30<sup>th</sup>). Audits will be made available to the Legislature and the SCO. Lead agencies may request a 90-day extension from the December 31<sup>st</sup> deadline to March 31<sup>st</sup>. They must notify Caltrans in writing via e-mail or a formal letter. Project leads who fail to submit an expanded TDA audit documenting all SRA funding allocated to date will not receive future SRA allocations until the required document(s) have been submitted to Caltrans.

### Spot Audit and On-site Monitoring

Spot audits and on-site monitoring can take place at any time at the discretion of CalSTA without prior warning given to the agency. Either a spot audit or monitoring may be conducted concerning specific issue or function. Any evidence or information that supports the need for compliance audit action or monitoring will be pursued by Caltrans at the direction of CalSTA. High risk lead agencies are likely to become the subject of a spot audit or on-site monitoring. Agencies or projects will be placed on the high risk list for the following:

1. Delinquent with reporting requirements and or not providing documentation as stipulated in the SRA guidelines
2. Agencies with frequent errors or that have not conformed to the requirements of previous awards
3. Agencies engaged in multiple reassignments of funds
4. Projects with 0% progress one year after allocation
5. Agencies suspected of supplanting funds and other special situations

Caltrans under the direction of CalSTA, will select agencies periodically and perform an extensive review of all SRA related information from the agency. If selected, an agency may be asked to provide additional documents pertinent to the State Rail Assistance program and projects that have been funded. If inconsistencies are found, agencies will be provided an opportunity to correct those errors. If discrepancies are not corrected, the agency will not be eligible to receive future funding.