



CalRTPA
Regional Transportation
Planning Agencies

December 23, 2009

Mr. Mac Taylor
Legislative Analyst
California Legislative Analyst's Office
925 L Street, Ste. 1000
Sacramento, CA 95814

Subject: Regional and Local Agency Response to LAO Report Using Federal Economic Stimulus Funds for Transportation (November 23, 2009)

Dear Mr. Taylor:

The California State Association of Counties (CSAC), League of California Cities (League), and the California Regional Transportation Planning Agencies (CalRTPA) group have reviewed your report titled Using Federal Economic Stimulus Funds for Transportation, released on November 23, 2009 (Report). The Report highlights the State's efforts in spending stimulus funds, and points out the California Department of Transportation's (Caltrans) success and regional and local agencies' perceived difficulty in delivering stimulus projects. Regional and local governments wholeheartedly support meeting all stimulus deadlines as not to jeopardize stimulus funds in the State, and support Caltrans in their efforts to deliver stimulus projects. Regional and local agencies are also working towards and fully expect to meet all deadlines. However, regional and local agencies are required to follow different processes than Caltrans, including in rural areas a need for action by Caltrans. In addition, program requirements were modified or expanded in the midst of programming stimulus funding. These differences and new requirements – not an unwillingness or lack of commitment to deliver projects on time - account for the “slower” contract award milestones as highlighted in the Report.

Regional and local implementing agencies were confronted with changing statutes, rules, and regulations regarding the use of stimulus funds. Regional agencies expedited programming of the stimulus funds as quickly as possible following the enactment of AB 3X 20, which was signed into law one month after the enactment of the federal stimulus; however, board/commission schedules pushed adoption in many regions to late April. This represented at least a two month delay in getting projects programmed and the process started. Secondly, SB 286 mandated that regional agencies prioritize projects that use the Conservation Corps (Corps) for project work. However, it was not until late summer that the Federal Highway Administration (FHWA) indicated that the Corps was not eligible to work on stimulus-funded projects.

Caltrans also changed its Disadvantaged Business Enterprise (DBE) program policy from race-neutral to race-conscious in May, causing many local agencies to reapprove their DBE goals in response to this change in the middle of the stimulus effort. In September, Caltrans changed its invoicing practice, which led to some confusion. Additionally, FHWA reversed its original guidance allowing force account work on stimulus-funded projects in September. This further complicated obligation of projects that otherwise would be ready to proceed with construction. Finally, rural agencies in California, who do not manage their own FTIPs, relied on Caltrans to program their new stimulus projects into the State's FTIP (known as the Federal-State Transportation Improvement Program, or FSTIP). Rural agencies noted that Caltrans had a delay in processing their amendments of over a few months.

Another factor that added additional time in awarding projects is that regional and local agencies focused stimulus monies on new projects rather than on existing projects that had been halted due to economic reasons. By doing this, regional and local agencies honored the spirit of economic stimulus and helped create jobs throughout the State of California, even if it took more time to award contracts.

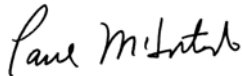
We also understand that the obligation, advertisement, and award information in the report was provided by Caltrans. At the CalRTPA meeting on December 9, Caltrans presented the backup information supporting the data that LAO used for analyzing local agencies' delivery of stimulus projects. In many cases, regional agencies noted discrepancies where projects were advertised or awarded, but the data had not been reflected on Caltrans' documentation. Furthermore, the report suggests that Caltrans has obligated 100% of the stimulus funds available to the State as of November. However, we are aware of at least one sizable project that has not yet been obligated. This discrepancy also highlights the potential reporting issues that Caltrans faces with the stimulus program. Caltrans, regional, and local agencies are working closely to ensure consistency in Caltrans's reports.

At the beginning of the stimulus program, Caltrans instructed the RTPAs that it would take responsibility for reporting the progress of local agency stimulus delivery. As noted earlier, many jurisdictions have advertised and awarded millions of stimulus dollars that are not reflected in the report. We recommend Caltrans implement a more effective reporting tool, and to follow up with local agency delivery issues.

Despite delays in programming and obligating stimulus projects beyond their control, the regions and local agencies are committed to delivering all stimulus projects within the specified federal deadlines. We continue to work closely with our delivery partners like Caltrans to ensure all federal stimulus funds are spent timely and effectively, and to ensure that no federal stimulus funds are lost to the State. Regional and local agencies are confident that all deadlines will be met and that even after the influx of much needed stimulus dollars we stand ready with significant backlogs to put any future stimulus funding to quick and efficient use.

We hope that we, in partnership with Caltrans, can learn from this experience in delivering stimulus projects and are able to streamline the delivery process even more in the prospect of another federal economic stimulus bill. Should you need additional information on the regional and local agencies' perspective in delivering stimulus projects, please feel free to contact one of us at your convenience. We look forward to continued close cooperation with the State in delivering transportation projects throughout California.

Sincerely,



Paul McIntosh
Executive Director
California State Association of Counties



Chris McKenzie
Executive Director
League of California Cities



Brittany Odermann
Moderator 2009/10
California's Regional Transportation Planning Agencies

cc: Members, California State Legislature
The Honorable Alan Lowenthal, California State Senate
Randell Iwasaki, Director, California Department of Transportation
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Brian Kelly, Office of Senate President Pro tem Darrel Steinberg
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