



COMMITTEE TRANSMITTAL

August 23, 2021

To: Members of the Board of Directors
From: Andrea West, Interim Clerk of the Board *Andrea West*
Subject: 2022 State Transportation Improvement Program Overview

Regional Planning and Highways Committee Meeting of August 2, 2021

Present: Directors Bartlett, Chaffee, Delgleize, Harper, Hernandez, Murphy, and Sarmiento
Absent: Director Muller

Committee Vote


Following the discussion, no action was taken on this item.

Staff Recommendation

Receive and file as an information item.



August 2, 2021

To: Regional Planning and Highways Committee
From: Darrell E. Johnson, Chief Executive Officer 
Subject: 2022 State Transportation Improvement Program Overview

Overview

The State Transportation Improvement Program is a 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 2022 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 for transportation projects that is administered and adopted by the California Transportation Commission (CTC). 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 to help deliver transportation capital projects that are consistent with the regional transportation plan. The remaining 25 percent is provided to the California Department of Transportation (Caltrans) for transportation projects of interregional significance and intercity rail projects through the IIP.

Every two years, the CTC considers changes to the STIP Guidelines (Guidelines) and approves the fund estimate (FE), which forecasts what level of funding will be available to support the STIP, as well as other state funding programs,

for the following five-year period. This year, the draft Guidelines, particularly related to the IIP, must align with the Climate Action Plan for Transportation Infrastructure (CAPTI), which was finalized by the California State Transportation Agency in July 2021. The CAPTI is a framework for aligning state transportation funding investments with the state's climate goals and was partially developed in response to California Executive Order N-19-19 and N-79-20, targeted at reducing greenhouse gas emissions in transportation. As noted in the draft FE, the revenue that supports the STIP derives from the price-based excise tax and Federal Highway Trust Fund. Historically, Orange County's share, which is based on a formula that considers highway centerline miles and population, is approximately 6.5 percent of the total statewide RIP. Centerline miles are calculated by measuring down the center of all lanes of traffic verses lane miles, which are calculated by multiplying the centerline roadway length by the number of through lanes.

Projects eligible for the STIP must adhere to the Guidelines and the Orange County Transportation Authority (OCTA) Capital Programming Policies 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.

The current 2020 STIP was approved on March 26, 2020, by the CTC. Orange County's approved 2020 STIP contained six projects for Orange County and totaled \$200.6 million (Attachment B). The CTC has already allocated \$1 million from the 2020 STIP to one project with \$80.8 million proposed to be allocated in fiscal year (FY) 2021-22 for two more projects, meaning that the remaining \$118.8 million will carry over into the 2022 STIP.

Enacted on December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (COVID Relief Funds) provided additional transportation funding that CTC will allocate. The CTC will make these funds available through the STIP process and has adopted separate funding guidelines entitled 2021 mid-cycle STIP. On June 14, 2021, the Board approved recommendations for the use of a portion of the 2021 mid-cycle STIP funds for two projects and confirmed that programming of the remaining \$10.4 million in mid-cycle STIP funds would be deferred to be considered for projects along with the 2022 STIP.

Discussion**2022 STIP Draft FE**

The 2022 draft FE, which was noticed by the CTC on June 23, 2021, indicates that the total statewide STIP funding capacity for the 2022 STIP is \$2.7 billion, of which approximately \$2 billion will be distributed to regional agencies through the RIP. Additional information on the 2022 STIP FE is provided in Attachment C. The OCTA share of the new capacity is approximately \$20.5 million including adjustments for prior STIP advancements. For the 2022 STIP, it is anticipated that OCTA's program of projects would be approximately \$150 million including \$118.8 million in carryover funds committed to projects in the 2020 STIP, and the \$10.4 million remaining funding available from the mid-cycle STIP. It should be noted that the final FE is subject to change as the adoption by the CTC will not occur until August 18, 2021.

Draft 2022 Guidelines

The Guidelines identify procedures and requirements that project sponsors and implementing agencies must adhere to in order to program, allocate, deliver, and seek reimbursement for STIP funds. In terms of the draft 2022 Guidelines, the CTC is proposing several changes.

The CTC is proposing to require all RIP submittals to include a discussion of:

- The most significant interregional highway and intercity rail needs within the region,
- The most significant multimodal corridor deficiencies within the region, and
- Any state routes within the region that might be potential candidates for a Highways to Boulevard Conversion Pilot Program.

While this does not change what type of projects can be submitted, it directs attention to needs that are more consistent with the CAPTI framework.

Additional changes proposed in the draft 2022 Guidelines related to the IIP that Caltrans must follow include:

- Identifying projects that have previously received IIP funds for preconstruction but have not been fully funded through construction,
- Developing an assessment of functional gaps within priority interregional facilities in the approved Interregional Transportation Strategic Plan,
- Identifying deficiencies within interregional multimodal corridors, and
- Discussion of possible highways to boulevards conversion.

Additionally, IIP submittals by Caltrans must now consider CAPTI climate goals to:

- Align planning and programming with objectives of the California Climate Change Scoping Plan,
- Reduce vehicles miles traveled by directing investments in a way that support infill development, especially housing near jobs,
- Reduce congestion through innovative strategies that encourage people to shift from single-occupant vehicles to other modes of travel,
- Fund infrastructure that encourages transit use, walking, and bicycling,
- Mitigate for any increases in transportation costs incurred on lower-income Californian residents.

Next Steps

Staff is coordinating with Caltrans and local agencies, as applicable, on specific project proposals for the RIP and the IIP. A schedule of next steps is included as Attachment D. Staff expects to return to the Board at the September 13, 2021 meeting with specific programming recommendations. Additionally, these recommendations are due by September 15, 2021, to the Southern California Association of Governments for modeling purposes, and to the CTC by December 15, 2021. The CTC is expected to approve the 2022 STIP at the March 2022 meeting.

The updated program of projects that will be recommended to the Board next month may include modifications to existing projects or new projects that are consistent with the OCTA Long-Range Transportation Plan, and requests to expedite existing STIP projects.

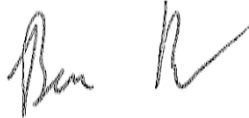
Summary

OCTA is responsible for the development and programming of the STIP projects for Orange County. With the upcoming 2022 STIP cycle, OCTA staff has started the process to consider priority projects for recommendation to the Board for the RIP submittal to the CTC.

Attachments


- A. Existing Capital Programming Policies by Fund Source, February 2019
- B. Funding Plan for 2020 STIP - CTC Approved Projects, STIP Funding
- C. Fund Estimate (FE) Overview and Factors Impacting Capacity and Gasoline Consumption
- D. 2022 State Transportation Improvement Program Development Schedule

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**Existing Capital Programming Policies by Fund Source
February 2019**

Funding Source/Agency	State and Federal Programming Policies
All State and Federal Fund Sources	First priority of all funding sources is to fulfill commitments to the latest Next 10 Delivery Plan, specifically Measure M2 (M2) projects and to maintain existing the Orange County Transportation Authority's (OCTA) assets in a state of good repair. Consideration will also be given to use state and federal funds for projects that are complementary to M2 projects and that share the program goals to reduce congestion, strengthen the economy, and improve the quality of life. All fund sources must be programmed through formal programming actions.
State	
Active Transportation Program – Southern California Association of Governments (SCAG) Regional Selection (Formula)/California Transportation Commission (CTC)/SCAG	Bicycle and pedestrian projects up to a ten percent set-aside and contingent on ready-to-go projects as submitted through competitive calls.
Cap-and-Trade (Competitive) – Affordable Housing and Sustainable Communities Program (AHSC)/Strategic Growth Council	Use AHSC for fixed-guideway and transit corridor projects that serve disadvantaged communities and reduce greenhouse gas (GHG) emissions. *Note – In the guidelines, a transit project must be paired with an affordable housing project for Transit-Oriented Development Program funds.
Cap-and-Trade (Formula) – Low Carbon Transit Operations Program (LCTOP)/California Department of Transportation (Caltrans)	Use LCTOP for transit operations or capital for expansion of bus transit service, fare reduction programs, and other bus and commuter rail transit efforts that increase ridership and reduce GHG emissions, where 50 percent of the funds provide benefits for passengers in disadvantaged communities. Funds generated from commuter rail service in Orange County may be used in Orange County for the expansion of commuter rail service, fare reduction programs for commuter rail, and other eligible commuter rail efforts that increase ridership and reduce GHG emissions.
Cap-and-Trade (Competitive) – Transit and Intercity Rail Capital Program (TIRCP)/California State Transportation Agency	Use TIRCP for capital projects that expand bus and rail service to increase ridership and for projects that improve the integration between bus and rail systems. Projects must also reduce GHG emissions.
Funding Source/Agency	State and Federal Programming Policies
Proposition 1A/CTC	All funds are programmed.
Proposition 1B – Competitive Programs Funding/CTC	Maximize the Orange County allocations consistent with each program and ensure the receipt of allocated funds.
Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)/ Caltrans	Use PTMISEA funds for commuter rail improvements and to fund existing State Transportation Improvement Program (STIP) - Public Transit Administration projects (approximately \$60 million) currently programmed in the 2010 STIP and for eligible OC Bridges projects.

**Existing Capital Programming Policies by Fund Source
February 2019**

Funding Source/Agency	State and Federal Programming Policies
Proposition 1B – Transit System Safety, Security and Disaster Response Account (TSSSDRA)/California Governor’s Office of Emergency Services	Use TSSSDRA to support capital projects that enhance the safety, security, and emergency response capabilities of transit.
Proposition 116 (CTC)	Use cost savings for commuter or intercity rail capital improvement projects along the Metrolink corridor (between the cities of Buena Park and San Clemente) that are funded with Measure M1 and M2 funds on a first-come, first-served basis.
SB 1 (Chapter 5, Statutes 2017) - Local Partnership Program (LPP) – Formula/CTC	Use LPP for ready-to-deliver M2 projects which are compatible with state goals and seek to balance funds between freeways, streets and roads, transit capital and eligible environmental clean-up and based on the timing for the request for project nominations.
SB 1 - State of Good Repair (SGR)/Caltrans	Use funds for bus transit capital projects and for maintenance, rehabilitation, and replacement of existing OCTA transit assets
SB 1 - Trade Corridors Enhancement Program (TCEP)/CTC	Use TCEP first for eligible M2 Program projects that meet the requirements and goals of the program, then fund other eligible Orange County projects
STIP/CTC	Use of STIP funds for M2 freeway, commuter rail, fixed-guideway projects, planning/programming and complementary activities, which seek an equitable balance between freeways and transit capital and are consistent with state goals.

Funding Plan for 2020 STIP - CTC Approved Projects

2020 STIP (In Thousands)	STIP Funding							Other Funding			Total Project Cost
	Prior	2020-21	2021-22	2022-23	2023-24	2024-25	Total STIP	STBG/ CMAQ	M2	Other ¹	
SR-55 Improvement Project from I-405 to I-5		80,000					80,000	103,805	48,607	116,800	349,212
I-5 Improvements from SR-73 to El Toro Road (replacement planting/landscaping)						6,000	6,000		6,365		12,365
Planning, Programming, and Monitoring		1,000	848	1,848	515	1,056	5,267				5,267
I-5 Improvements from I-405 to Yale Avenue - Segment 1 (Con)						95,338	95,338	55,884	27,417	44,791	223,430
SR-74 Ortega Highway Improvements - Calle Entradero to City/County Line (PS&E)						8,540	8,540		1,950	6,163	16,653
I-5 Managed Lane from Avenida Pico to San Diego County Line (ENV)			-		5,500		5,500	6,071			11,571
I-605/Katella Avenue Interchange (PS&E)			-			-	-		4,824		4,824
2020 STIP subtotal	-	81,000	848	1,848	6,015	110,934	200,645	165,760	89,163	167,754	623,322

1. Other funds include \$44.791 million in pending SB 1 (Chapter 5, Statutes 2017) LPP formula, \$47.05 million in State Highway Operations and Protection Program, \$70 million in unfunded need, \$0.4 million in developer fees, \$5.513 million in interregional STIP, and \$9.388 million in approved LPP funds.

Acronyms

STIP - State Transportation Improvement Program
 CTC - California Transportation Commission
 STBG - Surface Transportation Block Grant Program
 CMAQ - Congestion Mitigation and Air Quality
 M2 - Measure M2
 SR-55 - State Route 55
 I-405 - Interstate 405
 I-5 - Interstate 5
 SR-73 - State Route 73
 SR-74 - State Route 74
 PS&E - Plans, Specifications, and Engineering
 CON - Construction
 ENV - Environmental

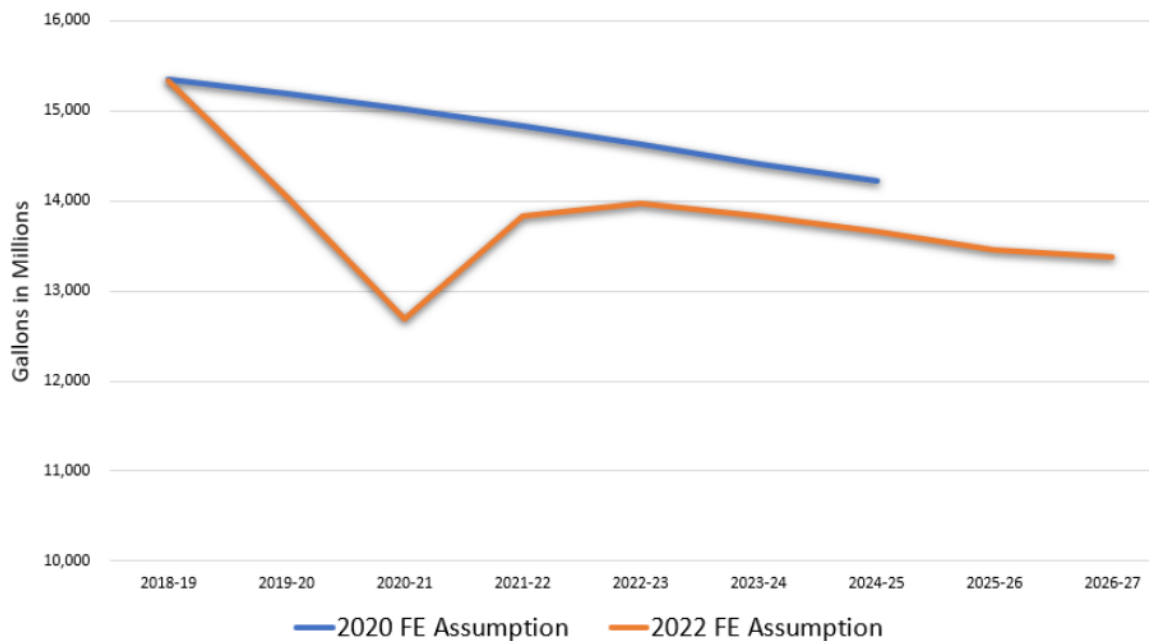
I-605 - Interstate 605
 LPP - Local Partnership Program

Fund Estimate (FE) Overview and Factors Impacting Capacity and Gasoline Consumption

The 2022 draft FE, which was noticed by the California Transportation Commission (CTC) on June 23, 2021, indicates that the six-year total State Transportation Improvement Program (STIP) funding capacity is \$2.7 billion. This is an overall reduction of 19 percent from the 2020 STIP capacity of \$3.2 billion. The FE assumes gasoline consumption for the 2022 STIP decreased significantly in fiscal year (FY) 2019-20 and FY 2020-21 due to the impacts of the coronavirus. Then consumption increases through FY 2022-23. However, gasoline consumption does not return to the same level of consumption that was forecasted in the prior 2020 FE. This comparison is shown in the chart below. Finally, the State is forecasting a slow but gradual decline in gasoline demand over time. This gradual decline in gasoline demand will have an impact on future STIP programs assuming the STIP continues to be limited to the gasoline excise tax.

The 2022 STIP cycle is expected to provide funding of \$150 million to the Orange County Transportation Authority (OCTA), including 2020 STIP projects already programmed, new 2022 STIP capacity, and the mid-cycle STIP funding. This amount is slightly higher than the typical 6.45 percent OCTA share of the \$2 billion in Regional Improvement Program due to the addition of the mid-cycle STIP and the timing of when projects from the previous STIP cycle are delivered.

Factors Impacting Capacity – Gasoline Consumption



From the California Department of Transportation Draft 2022 STIP Fund Estimate Presentation to CTC – June 23, 2021

2022 State Transportation Improvement Program Development Schedule

- August 18-19, 2021 – California Transportation Commission (CTC) adopts the State Transportation Improvement Program (STIP) fund estimate.
- September 2, 2021 – Present to the Orange County Transportation Authority (OCTA) Regional Planning and Highways Committee the STIP/Regional Improvement Program (RIP).
- September 13, 2021 – Present to the OCTA Board of Directors item for approval the STIP/RIP.
- September 30, 2021 – OCTA STIP/RIP projects submitted to the Southern California Association of Governments for regional modeling analysis.
- October 4, 2021 – The California Department of Transportation (Caltrans) submits the final draft Interregional Improvement Program (IIP).
- October 14, 2021 – CTC Interregional Transportation Improvement Program (ITIP) hearing – South.
- October 21, 2021 – CTC ITIP hearing – North.
- By December 15, 2021 – STIP/RIP and Caltrans IIP submittal due to CTC.
- January 27, 2022 – CTC STIP hearing – North.
- February 3, 2022 – CTC STIP hearing – South.
- February 28, 2022 – CTC publishes staff recommendations.
- March 23-24, 2022 – CTC adopts STIP.



2022 State Transportation Improvement Program Overview

2022 STIP Overview

- Biennial five-year capital improvement program to improve regional highways and transit systems
- Funded primarily with portions of gasoline excise tax
- Administered by the California Transportation Commission (CTC)

- The 2022 STIP will cover FY 2022-23 through FY 2026-27
- Majority of new funding capacity will be in FY 2025-26 and 2026-27

2022 STIP Components

- Regional Improvement Program (RIP):
 - 75% to the counties based on population and highway centerline miles
 - Orange County share is 6.45% of RIP
 - OCTA submits project nominations for Orange County
- Interregional Improvement Program (IIP):
 - 25% to the State for interregional highway and intercity rail projects
 - Caltrans submits project nominations

2021 Mid-Cycle STIP

- Funds made available through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021
- Funds administered by CTC and made available to counties through the STIP formula
- OCTA share \$11.8 million:
 - In June OCTA Board programmed \$800K to advance Ortega Highway and \$600K for planning activities
 - \$10.4 million remaining

STIP Development Timetable

June 2021	CTC released draft 2022 STIP fund estimate and guidelines
August 2021	CTC approves final STIP fund estimate and guidelines
September 2021	OCTA approves project list and sends to SCAG for analysis
December 2021	OCTA submits projects to CTC for consideration
January/February 2022	CTC holds STIP hearings
February 2022	Possible adjustments to OCTA requests based on CTC feedback
March 2022	CTC approves the 2022 STIP

2022 STIP Capacity

Description	OCTA - RIP (in millions)
New Revenues	\$ 139.3
Program Commitments	(\$ 118.8*)
2022 STIP New Funding Capacity	\$ 20.5
Remaining Mid-Cycle STIP	\$ 10.4
Total RIP New Funding Capacity	\$ 30.9

* Existing programming for I-5 Improvement project from I-405 to Yale Avenue, I-5 Improvements from SR-73 to El Toro Road (replacement planting/landscaping), SR-74 Ortega Highway Improvements, and I-5 from County Line to Pico

Overview of STIP Program Guidelines

- Guidelines outline the policy, standards, criteria, and procedures for the development, adoption, and management of the STIP
- Developed in cooperation with the Caltrans, regional transportation planning agencies, county transportation commissions, and local agencies
- Eligible uses include capital state highway improvements, intercity rail, regional highway or transit projects to improve regional transportation

2022 STIP – Revisions to Guidelines

- RIP submittal must include discussion of:
 - The most significant interregional highway and intercity rail needs within the region
 - The most significant multimodal corridor deficiencies within the region
 - Any state routes within the region that might be potential candidates for a Highway to Boulevard Conversion Pilot Program
- IIP submittals must consider the Climate Action Plan for Transportation Infrastructure (CAPTI) criteria in prioritizing projects

2022 STIP – Revisions to Guidelines (Cont.)

- CAPTI elements that must be prioritized for IIP include:
 - Reduce vehicles miles traveled and support infill development
 - Reduce congestion by shifting to other modes of travel
 - Fund infrastructure that encourages transit use, walking, and bicycling
 - Mitigate increased transportation costs for lower-income Californian residents
- Additional changes include:
 - Identify projects funded in preconstruction but still need IIP for construction
 - Assess functional gaps in priority interregional facilities
 - Identify deficiencies within interregional multimodal corridors
 - Discuss possible highways to boulevards conversion

OCTA's Policy for STIP

- Use STIP funds for Measure M2 freeway, commuter rail, fixed-guideway projects, planning/programming, and complementary activities, which seek an equitable balance between freeways and transit capital and are consistent with state goals

Previously Approved STIP Projects

Examples of approved projects:

- I-5 from I-405 to Yale Avenue Construction (\$95.4 million)
- SR-55 from I-405 to I-5 Construction (\$80 million)
- SR-74 Ortega Highway Design (\$8.5 million)
- I-5 from Pico to San Diego County Line Environmental (\$5.5 million)

Next Steps

- September 2021 – Funding recommendations presented to the Board
- September 2021 – Project list submitted to SCAG for analysis
- December 2021 – Project list submittal to CTC
- January 2022 – CTC holds Northern California STIP Hearing
- February 2022 – Southern California STIP Hearing and CTC staff recommendations
- March 2022 – CTC approves the 2022 STIP