

**CALIFORNIA DEPARTMENT OF TRANSPORTATION
DIVISION OF LOCAL ASSISTANCE**

STATE LOCAL PARTNERSHIP PROGRAM (SLPP)

ACCOUNTABILITY IMPLEMENTATION PLAN

BACKGROUND

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by the voters as Proposition 1B on November 7, 2006, authorized \$1 billion to be deposited in the State-Local Partnership Program (SLPP) Account to be available, upon appropriation by the Legislature, for allocation by the California Transportation Commission (Commission) over a five-year period to eligible transportation projects nominated by an applicant transportation agency. The Bond Act required a dollar for dollar match of local funds for an applicant agency to receive state funds under the program.

The SLPP program is subject to the provisions of Government Code Section 8879.23(g), as added by Proposition 1B. In 2007, the Legislature enacted implementing legislation in Government Code Section 8879.50 (Senate Bill 88 and Assembly Bill 193) that designated the Commission as the administrative agency responsible for programming the SLPP and mandated that various administrative and reporting requirements be incorporated in the guidelines for all programs established by Proposition 1B. In 2008, the Legislature enacted implementing legislation (AB 268) to add Article 11 (commencing with Section 8879.66) to Chapter 12.491 of Division 1 of Title 2 of the Government Code. Article 11 defines the purpose and intent of the program, eligibility of applicants, eligible projects and matching funds. Article 11 also provides that 95% of program funds will be distributed by formula to match voter-approved transportation taxes and tolls while the remaining 5% will be available for a competitive grant application program to match uniform developer fees.

The Commission adopted SLPP Guidelines on December 11, 2008. The guidelines included, among other requirements, timelines for program development, requirements for nomination of project application proposals, and criteria for project selection. The program will consist of projects nominated by eligible applicants for the formula program and projects selected by the Commission under the competitive grant program. SLPP project funding will match eligible local funding for the project construction or equipment acquisition, consistent with Government Code Section 8879.70. The Commission will adopt an annual program of projects for the SLPP by April 2009 for 2008-09 and by October for each fiscal year, thereafter.

PROGRAM ACCOUNTABILITY

The Department will work with local agencies to ensure changes in project scope, cost, and schedule are documented and conform to program requirements. The local agencies are the owners of the local bond funded projects and are responsible for the scope of work, cost, and delivery schedule. Local agencies commit to scope, cost, and schedule milestones for each project. Milestones such as the begin/end dates of plans, specifications and estimates (PS&E), right-of-way, and construction will be monitored. All costs reported will include both support and capital costs.

FRONT-END ACCOUNTABILITY:

A. Establishment of Guidelines

The Commission adopted SLPP Guidelines on December 11, 2008.

B. Nominations and Selection

The Commission will accept project nominations from each eligible applicant for formula funding program and competitive grant program. A complete list of project nomination requirements for the formula funding and competitive grant programs can be found in Sections 4 and 5 of the SLPP Guidelines, respectively.

The Commission will develop an annual program of projects on the basis of the nominations received by the nomination due date. For formula funding program, the Commission will determine an annual funding share for each eligible applicant, using a voter-approved tax or toll that was approved prior to the adoption of the funding shares and will be collected during the fiscal year in accordance with Government Code Section 8879.72. The Commission will include in the annual program of projects each project nominated by an eligible applicant for a formula funding share provided that the Commission finds that the nomination meets the requirements of statute and that the project has a commitment of the required match and any supplementary funding needed for full funding. For the competitive grant program, the Commission will select projects from among eligible project nominations according to specific criteria, as described in Section 8 of the SLPP Guidelines.

Project Nominations are due to the Commission no later than February 17, 2009 for 2008-09, and by August 15 for each fiscal year, thereafter.

IN-PROGRESS ACCOUNTABILITY:

Projects shall be executed in a timely fashion and within the scope and budget identified when the decision was made to fund the project. SLPP in-progress accountability involves managing project tasks, tracking and reviewing ongoing project progress against established baseline milestones, and requiring timely use of funds.

A. Ongoing Program Monitoring and Review

Implementing agencies are responsible for managing the scope, cost and schedule at each project phase, consistent with the adopted program guidelines.

The Commission will review overall program progress by requiring collection of project data and progress reports on a semi-annual basis. The reports will include a description of the scope of work and updates on estimated project costs and schedule. The Commission's review of project progress reports will ensure that projects are being executed in a timely fashion and remain within original scope and budget approved by the Commission.

When estimated project cost increases are identified, the implementing agency shall provide a (corrective) plan to the Commission for review and approval. The plan should outline steps for achieving the benefits of the project by either down scoping the project to remain within budget or by identifying a supplemental funding source to meet the cost increase.

As directed by the Order, the Plan is posted for public view on the Governor's Bond Accountability Website. Included is a list of adopted projects and project status reports.

B. Amendments

The Commission may approve an amendment to the SLPP program of projects at any time. Per the SLPP Guidelines, for an amendment to be considered by the Commission, the amendment needs to appear on the agenda published 10 days in advance of the Commission meeting.

C. Allocation of Funds

The Commission will consider the allocation of funds from the SLPP Fund for a project or project component when it receives an allocation request and recommendation from the Department in the same manner as for the STIP (see Section 64 STIP Guidelines). The recommendation will include a determination of the availability of appropriated funding from the SLPP Account and the availability of all identified and committed matching and supplementary funding.

The Commission will approve the allocation if the funds are available, the allocation is necessary to implement the project as included in the adopted SLPP program, and the project has the required environmental clearance. Expenditures made prior to adoption and allocation by the Commission, are not eligible for reimbursement.

D. Timely Use of Funds

Under statute, the projects receiving an SLPP allocation shall encumber the funds no later than two years after the end of the fiscal year in which the Commission makes the allocation. However, in keeping with Timely Use of Funds provisions in the adopted program guidelines for SLPP and other programs where the CTC makes allocations, SLPP fund allocations are valid for encumbrance for six months from the date of

approval unless the Commission approves an extension. Applicants may submit extension requests and the Commission will evaluate extension requests in the same manner described in Section 66 of the STIP Guidelines.

FOLLOW-UP ACCOUNTABILITY:

Follow-up accountability of SLPP projects involves post-project field assessments, submittal of final delivery reports, and program audits.

A. Final Delivery Report

Within six months of the project becoming operable (i.e. when the construction contract is accepted or acquired equipment is received), the implementing agency shall provide a final delivery report to the Commission on the scope of the completed project, its final costs as compared to the approved project budget, its duration as compared to the project schedule in the project baseline agreement, and performance outcomes derived from the project as compared to those described in the project baseline agreement.

The Commission shall forward this report to the Department of Finance as required by Government Code Section 8879.50.

B. Audits

The Department expenditures of Bond proceeds will be subject to audit in order to determine whether the expenditures were made according to the established front-end criteria and processes, consistent with all legal requirements, and whether the expenditures achieved the intended outcomes.

For each SLPP project, the Commission expects the Department to provide a semi-final audit report within 6 months after the final delivery report, and a final audit report within 12 months after the final delivery report. The Commission may also require interim audits at any time during the performance of the project.

Audits will be performed in accordance with Generally Accepted Government Auditing Standards promulgated by the United States Government Accountability Office. Audits will provide a finding on the following:

- Whether project costs incurred and reimbursed are in compliance with the executed project baseline agreement or approved amendments thereof; state and federal laws and regulations; contract provisions; and Commission guidelines.
- Whether project deliverables (outputs) and outcomes are consistent with the project scope, schedule and benefits described in the executed project baseline agreement or approved amendments thereof.