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On March 5, 2008, after much deliberation, the San Bernardino Associated Governments Board of Directors approved the State Transportation Improvement Program (STIP) application to receive funding for \$448 million in transportation projects in San Bernardino County, \$83 million of which is for projects in the High Desert/Mountain Region. The board had considered including \$14.44 million in the STIP funding application for the LaMesa/Nisqualli Interchange, but unfortunately, the project was rendered ineligible because it did not show that it was fully funded, a requirement in order to be nominated. The LaMesa/Nisqualli project will be eligible for other types of transportation funding sources and SANBAG is committed to working with the Victor Valley to make this happen. To further explain this action, SANBAG has developed the following information:

QUESTIONS & ANSWERS

State Transportation Improvement Program (STIP) and Interstate 15-La Mesa/Nisqualli Interchange

1. Q: What is the State Transportation Improvement Program (STIP)?

A: The STIP is a funding plan adopted by the California Transportation Commission (CTC) every two years. The STIP funding is split into two programs:

- 25% is for projects nominated by Caltrans, mainly to improve connections between urban centers
- 75% is provided to regional transportation agencies, such as San Bernardino Associated Governments (SANBAG), for projects needed to improve transportation in and near urban areas.

2. Q: What projects did SANBAG nominate for STIP funding in February 2008?

A: This year's STIP application totaled \$448 million in funding for projects, including \$83 million for projects in the Victor Valley. STIP funding nominated for projects in the Victor Valley represent 18.5% of the total, which is a high percentage when compared to the amount of transportation revenue actually generated in the Mountain/Desert region. As a comparison, in the current Measure I program the entire Mountain/Desert region generates approximately 17% of the total revenue generated in San Bernardino County.

3. Q: What are the criteria for a project to be nominated for STIP funding?

A: As the primary source of State funding available for highway projects, SANBAG directs all of its STIP funding on the State highway system. The CTC requires that any project nominated must have a Project Study Report completed and that the project phase proposed is fully funded through a combination of revenue sources.

4. Q: Why did the SANBAG Board not include the La Mesa/Nisqualli project in the nomination?

A: This project was initially proposed for STIP funding. However, because it did not meet the criteria of demonstrating that all the funding was in place at the time of the application, the project had to be removed. The total cost of construction for the La Mesa/Nisqualli Interchange is \$60m, \$30m of which must be paid from development mitigation fees. SANBAG proposed STIP funding for this project in the amount of \$14.4m. In order to fund the remaining amount of \$15.6m, the SANBAG Board offered to repay the City of Victorville with future Measure I 2010-2040 Major Local Highway Funds if the City of Victorville was able to commit the remaining amount to fully fund the project. Unfortunately, Victorville was not able to commit local funding from existing local Measure I funds, redevelopment funds, or other City revenues for the project. Since the La Mesa/Nisqualli Interchange could not demonstrate full funding, it had to be removed from the SANBAG STIP submittal.

5. Q: What was the deadline for the STIP submittal?

A: SANBAG and all other transportation agencies throughout the State were required to submit their final STIP proposals by Tuesday, February 19, 2008.

6. Q: What were the steps leading up to these decisions?

A: The process began in October 2007. Over several months, SANBAG staff discussed the STIP proposal monthly during SANBAG committee and Board meetings. It was recognized that the only Mountain/Desert projects potentially eligible for STIP funding were the La Mesa/Nisqualli Interchange in Victorville and the Rancho Interchange in Hesperia. The City of Victorville and the City of Hesperia were asked to consider approval of SANBAG's standard project advancement agreements, which would guarantee reimbursement from future Measure I 2010-2040 revenues if the cities were able to provide local funding to demonstrate fully funded interchange projects.

7. Q: What happened to the agreement?

A: By the February 6, 2008, SANBAG Board meeting, the City of Victorville needed to provide the signed \$15.56 million project advancement agreement for future Measure I funds in order for the La Mesa/Nisqualli Interchange to be nominated for the \$14.44 million in STIP funding. However, the City of Victorville did not sign the agreement. Instead, the City provided a similar agreement that requested up to \$30 million from future Measure I funding (not the \$15.56 million as approved by the SANBAG Board). At the March 5, 2008, SANBAG Board meeting, this issue was deliberated at length. The agreement proposed by the City of Victorville did not meet the requirements of the SANBAG standard project advancement agreement, and the project advancement agreement was not approved. In order to meet the CTC deadline and to avoid the loss of

STIP funds for San Bernardino County, the SANBAG Board was forced to nominate another project within San Bernardino County that met the STIP criteria.

8. Q: Were there any other projects in the High Desert that were eligible for STIP funding?

A: No, at the time of the application submittal, there were no other projects in the Mountain/Desert that met the criteria mentioned above and that required additional funding.

9. Q: Why did the SANBAG Board re-direct the \$14.4 million in STIP funding to a Valley project?

A: Considering the time constraints, the SANBAG Board had to nominate another project within San Bernardino County or risk the loss of STIP funds. In nominating another project for STIP funding, the SANBAG Board took action to commit \$14.4m of future STIP funding to eligible Mountain/Desert projects in the next STIP cycle.

10. Q: Does SANBAG support the La Mesa/Nisqualli project?

A: Absolutely. SANBAG has demonstrated its support in many ways, including allocating the following funds towards the project:

- \$3.8 million in Surface Transportation Program funds for project design in December 2005
- \$1.45 million in Federal earmark money requested in December 2005
- \$11.53 million in STIP funding for the right-of-way purchases in March 2007

The SANBAG Board continues to recognize the interchange as a high priority project for moving people and goods through the Victor Valley, and looks forward to continued work with the City of Victorville to complete the project using other available transportation funds.

11. Q: Is Measure I funding still available to help fund the La Mesa/Nisqualli Project?

A: Yes. The current Measure I half-cent sales tax transportation funding program returned \$7.7 million to the City of Victorville for Fiscal Year 2006/2007. As of July 1, 2007, the City of Victorville had a balance of \$20 million in Measure I revenue in its reserves. The annual Measure I funding and the Measure I reserves are both eligible sources of funding for this project.

12. Q: Is the City of Victorville being denied access to future Measure I funding?

A: No. In November 2004, the voters approved an extension of this half-cent Measure I transportation sales tax for years 2010-2040. The Measure I advancement agreement was simply a method for SANBAG to assist the City of Victorville to begin construction early with STIP funding assistance as well as a promise to reimburse the City up to \$15.56 million in Measure I 2010-2040 funds when those funds become available. Measure I 2010-2040 funds will continue to flow directly to the City of Victorville and into pooled funds for the Victor Valley.

13. Q: Is the City of Victorville already funding 50% of the construction costs with their local funds?

A: Yes and No. The City has committed 50% of construction costs collected through development impact fees held in by the City of Victorville for this project. The history of the project goes back to July 2001, when the City of Victorville first identified the Project as a major planning/funding effort. In May 2002, the City adopted a transportation impact fee and identified the La Mesa/Nisqualli Interchange as funded completely by this impact fee program, with an expected construction cost of \$31m. In August 2002, the City began developing the interchange with a Project Study Report and began the environment process. In November of 2004, the voters approved the extension of Measure I, which stated: “no revenue generated from the tax shall be used to replace the fair share contributions required from new development.” In 2006, the amount of developer fees required by the new Measure I to offset the cost of construction for the La Mesa/Nisqualli Interchange was established at 50% of the project cost. When the City refers to “their share” of the project costs, they are referring to the developer fees that have been collected since May 2002.

14. Q: Will the Measure I funds for Victorville still go to Victorville?

A: Yes. In the future Measure I 2010-2040, 70% of the funds generated in the Victor Valley Subarea will be returned directly to local jurisdictions. Another 25% of the funds will be pooled for projects of a more regional nature within the Victor Valley. The pooled funds will not be held by any one city, but will be expended on projects of benefit to the Victor Valley, as recommended by local officials. The funds are intended to leverage other State and Federal funding for Victor Valley projects. If the City of Victorville had committed to the interchange project through an agreement with SANBAG, repayment to Victorville would have been guaranteed from future Measure I 2010-2040 from the 25% pooled Measure I fund. The lack of a project advancement agreement does not in any way affect the distribution of 70% of the funds that go directly to Victorville and other local jurisdictions in the Victor Valley Subarea.

15. Q: Overall, how are transportation projects funded in San Bernardino County?

A: Most large transportation projects today are funded with several sources of revenue. Perhaps the most important source of transportation funding in San Bernardino County is Measure I, the half-cent transportation sales tax, which brings more than twice as much transportation funding to San Bernardino County and its jurisdictions as the STIP.

16. Q: Was the Victor Valley ignored by SANBAG in the STIP nomination process?

A: No. The City of Hesperia was able to approve a project advancement agreement with SANBAG to move forward with the Rancho Interchange. SANBAG nominated the Rancho Interchange for STIP funding in the amount of \$8m. Hesperia will provide \$14.4m in local funds to start construction of the Interchange and will be repaid by future Measure I 2010-2040 Major Local Highway revenue. The STIP nominations made by SANBAG contained \$83m for projects in the Victor Valley, including projects on I-15, Rt. 138, and US-395.