



CALIFORNIA STATE AUDITOR

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FACT SHEET

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Report: 2007-106

The California State Auditor released the following report today: **Grade Separation Program**

An Unchanged Budget and Project Allocation Levels Established More Than 30 Years Ago May Discourage Local Agencies From Taking Advantage of the Program

BACKGROUND

Throughout California 167 accidents occurred during 2006 near at-grade crossings—intersections of railway tracks and a roadway at the same elevation. To reduce this danger, local agencies take on grade separation projects that typically involve building a bridge structure to separate the railway and local roadway so they no longer intersect. The costs of the projects are funded by a combination of any of these sources—railroad companies, local agencies, federal government, or state funds, including those from the Grade Separation Program. The Public Utilities Commission (Commission) receives nominations for Grade Separation Program projects from local agencies and prioritizes them for possible funding. The California Department of Transportation (Caltrans) allocates the annual state funding available to the projects on the Commission's priority list.

KEY FINDINGS

Our review of the Grade Separation Program highlighted the following:

- ◆ Program funding has remained static—only \$15 million has been budgeted annually for these projects since 1974, while the average cost for constructing just one project has grown from \$2.5 million in 1974 to a current cost of \$26 million.
- ◆ Estimates show that \$165 million is needed annually to fund the same number of projects as was funded in 1974.
- ◆ For the past five years, the Commission's priority list has contained 50 to 70 grade separation projects, yet many local agencies do not apply for funding—only 10 local agencies requested funds for the projects during this period. Thus, Caltrans has been unable to allocate the entire \$15 million annual funding amount.
- ◆ Local agencies do not apply for funding due to lack of local funds, low priority given on the Commission's list, or the railroad company did not agree to contribute 10 percent of the project's cost as required.
- ◆ A one-time \$150 million in recent Bond Act proceeds could help fund the eight highest-ranked projects on the Commission's fiscal year 2006–07 priority list but local agencies need to secure half of the funding, which could be as high as \$68 million. The remaining 62 projects on the list have a total cost of more than \$1.5 billion.
- ◆ Caltrans does not always follow regulations when allocating supplemental funds and some of its regulations are inconsistent with statutes.

KEY RECOMMENDATIONS

Because participation in the program is limited, the Legislature could either consider discontinuing the program after the bond proceeds are allocated or continue the program and increase the annual budget and allocation limits per project. Further, we recommended that Caltrans revise its regulations to conform to recent amendments to statute and ensure that it administers the Grade Separation Program in compliance with state regulations.

