

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 5, 2013

Reference No.: 2.5h.
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Chief
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Subject: **FINANCIAL ALLOCATION OF FEDERAL FUNDS FOR LOCAL ASSISTANCE LUMP SUM ALLOCATION**
RESOLUTION FM-12-03, AMENDING RESOLUTION FM-12-02

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) to approve the remaining allocation of \$798,720,733 for the Fiscal Year (FY) 2012-13 Local Assistance federal lump sum allocation contingent on passage of a Continuing Resolution by Congress through September 30, 2013.

ISSUE:

In September 2012, the Commission passed Resolution FM-12-02, allocating about \$746 million of federal funds for FY 2012-13. The initial allocation request was for \$1.49 billion, but the Commission approved only \$746 million, which is about half of the requested allocation.

On October 8, 2012, State budget authority for Local Assistance federal funding (Budget Item 2660-102-0890(1)) was increased by about \$53 million for FY 2012-13. At this time, the Department is requesting an allocation for \$798,720,733 (\$53,094,733 for the increase and \$745,626,000 second half of the original allocation request) of federal funds authorized in the State Budget Act of 2012. On October 3, 2012, Congress authorized a Continuing Resolution for 178 days through March 27, 2013. The Department is anticipating that Congress will authorize another Continuing Resolution for the remainder of the federal fiscal year (through September 30, 2013) before March 27, 2013.

BACKGROUND:

The Department's Local Assistance Program administers the Local Assistance subvention budget under delegated authority from the Commission. The Commission provides annual lump sum allocations consistent with each fiscal year's State Budget Act.

In June 2012, the Commission passed Resolution FM-11-03, allocating \$128 million of state funds for the Department's Local Assistance Program for FY 2012-13. In September 2012, the Commission passed Resolution FM-12-02, allocating \$746 million of federal funds for FY 2012-13.

On October 8, 2012, an increase of \$53,094,733 was authorized for Local Assistance federal funds (Budget Item 2660-102-0890(1)) for FY 2012-13. That federal lump sum allocation request included this increase plus the original allocation of \$1,491,251,000, bringing the total amount to \$1,544,345,733.

The Department anticipates all funds allocated by the Commission for FY 2012-13 will be sub-allocated to local projects. The Department estimates a total federal funding need of \$1.54 billion. For the last 13 years, local agencies have delivered 100 percent of their share of federal funding. Approval of this request is necessary to ensure local agencies can be reimbursed for their project costs in a timely manner.

On October 3, 2012, Congress authorized a Continuing Resolution for 178 days through March 27, 2013. Although not all federal funds have been authorized, the Department is asking the Commission to approve the remaining balance of \$798,720,733. The Department is anticipating that Congress will authorize another Continuing Resolution for the remainder of the federal fiscal year (through September 30, 2013) before March 27, 2013.

Page three displays the revised allocation authority by category.

NOTICE OF CHANGE TO REPORTING OF STATE LUMP SUM SUB-CATEGORY:

In October 2008, the Commission approved Resolution FM-08-02 to exchange \$24.3 million in federal bridge funds with State Highway Account (SHA) funds from the State Highway Operation and Protection Program to supplement a shortfall in Proposition 1B Local Bridge Seismic Retrofit Account bond funds in FY 2008-09. The Department intended to sub-allocate the SHA funds to supplement the federal match for 227 Bay Area Rapid Transit (BART) District bridges, but BART opted instead to use local funding for some of the bridges.

Currently, about \$5.8 million remains unencumbered and the State budget authority will lapse on June 30, 2014. Due to the withdrawal of the BART bridges and the Administration placing priorities on expending bond funds first, Local Programs are at risk of losing this funding. Beginning in 2012-13, the Division of Local Assistance will assign the SHA "Miscellaneous Unassigned Local Programs" to cover portions of the \$5.8 million (about \$1.8 million of \$3.0 million will be available each year, see table below). These actions fulfill the intent of the exchange and ensure local administered bridges are seismically safe. This notice will not augment the 2012-13 state lump sum allocation.

<u>Year</u>	<u>Amount Sub-Allocated</u>
2012-13	\$1,800,000
2013-14	\$1,800,000
2014-15	\$1,800,000
2015-16	<u>\$ 395,421</u>
	\$5,795,421

RESOLUTION:

Resolved, that \$798,720,733 in federal funds be allocated from the Budget Act of 2012, Budget Act Item 2660-102-0890(1), in accordance with the table (see next page), bringing

the total lump sum allocation for the FY 2012-13 Local Assistance subvention budget to \$1,672,658,733.

ALLOCATION OF FUNDS FOR FY 2012-13 LOCAL ASSISTANCE
(Dollars in Thousands)

	State	Federal	Revised Federal	Total
<u>2660-102-0042(1)</u>				
Surface Transportation Program State Match and Exchange	\$57,849			\$57,849
Bridge Inspection	735			735
Railroad Grade Separations	15,000			15,000
Railroad Grade Crossing Maintenance	2,000			2,000
Miscellaneous Unassigned Local Programs	3,000			3,000
Freeway Service Patrol	25,479			25,479
Safe Routes to School	24,250			24,250
Subtotal	\$128,313			\$128,313
<u>2660-102-0890(1)</u>				
National Highway Performance Program (NHPP) ¹		\$114,000	\$228,000	\$228,000
Surface Transportation Program (STP) ^{2,3,5}		286,500	599,548	599,547
Congestion Mitigation and Air Quality Program ⁵ (CMAQ)		222,500	471,547	471,547
Highway Safety Improvement Program (HSIP)		37,000	74,000	74,000
Discretionary Programs ⁴		85,625	171,251	171,251
Subtotal		\$745,625	\$1,544,346	\$1,544,346
Total Local Programs	\$128,313		\$1,544,346	\$1,672,659

¹ Funding is reserved for State Highway System (SHS) bridges on the National Highway System (NHS). If a bridge is on the SHS, but not on the NHS, the local share of NHPP may be exchanged for the state share of STP.

² About \$75 million is set aside for bridges that are off the State Highway System and about \$58 million is budgeted to be exchanged on a dollar-for-dollar basis for State Highway Account funds (2660-102-0042(1)).

³ About \$21 million is made available for Safe Routes to School.

⁴ This funding is for discretionary programs, Demonstration projects, Emergency Relief, and miscellaneous federal programs for MAP-21 and previous Federal Highway Acts.

⁵ The increase in August Redistribution of \$53,094,733 is split between STP (50 percent) and CMAQ (50 percent).