

Memorandum

To: Chair and Commissioners

Date: August 22, 2008



From: JOHN F. BARNA, JR.
Executive Director

File No: 4.5
Action

Ref: **TRAFFIC CONGESTION RELIEF PROGRAM (TCRP) ALLOCATION POLICY**

Recommendation: Staff recommends that the Commission approve a first-come, first-serve TCRP allocation policy for Fiscal Year (FY) 2008-09 based on the Department's ability to cash flow limited TCRP revenue. In addition, staff recommends that the Commission direct staff to return in September with a TCRP allocation criteria recommendation for future fiscal years that recognizes the relative merits of Letters of No Prejudice (LONPs), Proposition 1B projects, TCRP allocations for construction, and TCRP allocations for pre-construction and right-of-way.

Issue: The projected TCRP revenue for FY 2008-09 is \$83 million. The current estimated allocation need for FY 2008-09 (including requests deferred from FY 2007-08) is \$662 million, leaving a potential shortfall of \$579 million. The Legislature has recognized the shortfall, has acknowledged that the Commission must make choices regarding 2008-09 TCRP allocations, and has given the Commission the authority to adopt an allocation policy per the attached letter from Senator Alan Lowenthal and Assemblymember Mark DeSaulnier, the chairs of the Senate and Assembly Transportation Committees, respectively.

There are 14 TCRP allocation requests, totaling nearly \$201 million, on this August 2008 agenda (Item 2.6e). After consulting with the Department, and considering priorities, staff recommends allocating funds on a first-come, first-serve basis to ten projects totaling \$109.2 million. Seven (totaling \$89.4 million) were deferred from FY 2007-08. Three are requests from July 2008, including two LONP reimbursements totaling \$7.8 million, and one new allocation for \$12 million. The Department has indicated that there is a sufficient balance to cover cash flow needs for these allocations, which exceed current revenue by \$26.2 million.

Background: TCRP projects are designated in legislation (Traffic Congestion Relief Act, Chapters 91 and 656 of the Statutes of 2000) to receive a total of \$4.909 billion from the State's General Fund and Proposition 42 funds. To date, over \$3.7 billion has been allocated for TCRP projects.

Future funding for TCRP includes \$662 million as required by Proposition 1A and \$482 million from Tribal Gaming revenues, for a total of \$1.144 billion to be available for TCRP allocations. Proposition 1A requires that the outstanding balance of Proposition 42 suspensions of \$662 million be repaid over the next eight years, with expected revenue in FY 2008-09 of approximately \$83 million. Legal challenges have prevented the sale of Tribal Gaming bonds; however, under current legislation, the projected TCRP revenue from tribal gaming is \$68 million in FY 2009-10.

Attachment