

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: August 10, 2011

Reference No.: 4.8
Information

From: BIMLA G. RHINEHART
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Subject: **Budget and Allocation Capacity Update**

ISSUE:

The Commission faces two challenges in making State Transportation Improvement Program (STIP) allocations in 2011-12:

1. Overall allocation capacity is short by approximately \$100 million.
2. There are fund type mismatches that are exacerbated by the low State Highway Account cash balance and low Public Transportation Account allocation capacity

Caltrans estimated the 2011-12 STIP allocation capacity to be \$842 million. Staff has estimated the projected allocation demand in 2011-12 to be \$940 million (including projects delivered in 2010-11 that could not be allocated due to lack of funding and projects with allocation extensions expiring in 2011-12). Therefore, approximately \$100 million of STIP projects programmed for 2011-12 may not be able to be allocated this fiscal year.

In addition to the overall shortfall, allocation capacity is split among different fund types (the State Highway Account, the Public Transportation Account, Federal Funds, and the Transportation Facilities Account from Proposition 1B). Each of these account have differing restrictions on the type of projects that can be funded from the account. Additionally, each project also has restrictions on the type of funds that can be allocated to that project. This issue is compounded by the low State Highway Account cash balance and the low Public Transportation Account allocation capacity.

Therefore, staff plans to recommend STIP allocations based on the following priorities:

- State-only requests:
 - Planning, Programming and Monitoring,
 - Required state match for federalized projects (assuming toll credits are fully utilized), and
 - Projects less than \$1 million unless federalized.
- Highway/Local Road and Transit construction allocations: allocations greater than \$15 million or allocations for projects with other Proposition 1B construction funding will be funded with Transportation Facilities Account, unless the projects are federalized and sufficient federal funds are available.

- Large requests for state-only funds for pre-construction components may be deferred (placed on delivered list) and will be considered for allocation at the end of the year should sufficient state funds remain.

The Willits Bypass project, which is programmed for \$164 million, was programmed in 2010-11 and received a 20 month allocation extension to February 2012. This project continues to have significant issues impacting delivery. Should this project lapse, remaining allocation needs can be met with available funds (assuming project needs match remaining fund types). If this project is delivered before the extension expires, staff may recommend the allocation be deferred in order to allow allocations to projects that were delivered without the needed for an extension.

Staff will evaluate exceptions to these priorities on an individual basis, and will adjust recommendations should new information become available.

BACKGROUND:

In recent years, due to unstable funding, the Commission has frequently found it necessary to adopt allocation priorities to meter the allocation of limited resources. In the case of 2011-12, one project with an allocation extension skews the picture. It's possible that overall, sufficient funds will be available for the programmed projects; however, there may not be enough on any one type of fund (such as PTA) to allocate to projects that aren't eligible for other funds.