

Memorandum

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To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 21, 2014

Reference No.: 4.14
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Budgets

Subject: **REVISED 2014 SHOPP FUND ESTIMATE**
RESOLUTION G-14-12

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the attached resolution and adopt a revised 2014 State Highway Operation and Protection Program (SHOPP) Fund Estimate.

ISSUE:

On August 6, 2013, the Commission adopted the 2014 State Transportation Improvement Program (STIP) Fund Estimate. Since then, unexpected revenues have occurred. The 2014-15 Proposed Governor's Budget includes a \$237 million loan repayment from the state General Fund to the State Highway Account (SHA) in Fiscal Year 2014-15. This includes \$210 million that will be made available for the SHOPP and \$27 million for maintenance related activities.

In addition, the Department has identified approximately \$67 million in savings from the Corridor Mobility Improvement Account (CMIA), which is part of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B).

Currently, the adopted 2014 STIP Fund Estimate does not include the loan repayment to the SHA or the savings from Proposition 1B. These additional revenues have resulted in an opportunity for the development and delivery of additional SHOPP projects. The Department has worked with Commission staff to develop an adjustment to the SHOPP Fund Estimate capacity that will take the loan repayment and Proposition 1B savings into account, and ensure that sufficient projects are developed to utilize the additional revenues.

BACKGROUND:

The STIP Fund Estimate is a biennial estimate of all the resources available for the State's transportation infrastructure over the next five-year period, and establishes the program funding levels for the STIP and SHOPP. The STIP Fund Estimate is the basis for the programming levels included in the SHOPP, which in turn identifies projects that will be delivered to utilize available funding.

NOTE: The additional revenues identified will have no effect on the STIP Fund Estimate capacity or County and Interregional Share estimates.

Attachments

Revision to the 2014 SHOPP Fund Estimate Capacity
(\$ in millions)

The Department has worked with Commission staff to develop an adjustment to the 2014 SHOPP Fund Estimate to account for a loan repayment from the state General Fund to the SHA and savings from the Corridor Mobility Improvement Account (CMIA). As a result of the additional revenues, the table below displays a net increase in SHOPP target capacity of \$277 million with the increases occurring over the first two years: \$210 million in 2014-15 and \$67 million in 2015-16.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	5-Year	6-Year
SHOPP Target Capacity, 2014 FE	\$2,000	\$2,200	\$2,300	\$2,300	\$2,300	\$2,300	\$ 11,400	\$ 13,400
Loan Repayments from General Fund ¹	0	210	0	0	0	0	210	210
Subtotal	\$2,000	\$2,410	\$2,300	\$2,300	\$2,300	\$2,300	\$ 11,610	\$ 13,610
Proposition 1B Savings ²	0	0	67	0	0	0	67	67
New SHOPP Target Capacity	\$2,000	\$2,410	\$2,367	\$2,300	\$2,300	\$2,300	\$ 11,677	\$ 13,677
Less SHOPP Target Capacity, 2014 FE	(2,000)	(2,200)	(2,300)	(2,300)	(2,300)	(2,300)	(11,400)	(13,400)
Increase in SHOPP Target Capacity	\$0	\$210	\$67	\$0	\$0	\$0	\$ 277	\$ 277

Notes:

¹ Represents the proposed General Fund loan repayments in the 2014-15 Governor's Budget.

² Represents the savings from the CMIA, which is included in Proposition 1B.

RESOLUTION G-14-12

CALIFORNIA TRANSPORTATION COMMISSION

ADOPTION OF THE REVISED 2014 SHOPP FUND ESTIMATE

- 1.1. WHEREAS, Sections 14524 and 14525 of the Government Code require the California Department of Transportation (Department) to present, and the California Transportation Commission (Commission) to adopt, a biennial fund estimate to include and estimate all State and federal funds reasonably expected to be available for the biennial State Transportation Improvement Program (STIP), including the amount that may be programmed in each county for regional improvement programs; and
- 1.2. WHEREAS, on January 8, 2013, the Department presented an overview of the fund estimate process and schedule, and special issues, including uncertainty regarding major revenues what would impact the fund estimate; and
- 1.3. WHEREAS, on May 7, 2013, the Department presented, and the Commission approved the 2014 Fund Estimate assumptions; and
- 1.4. WHEREAS, on June 11, 2013, the Department presented to the Commission the Draft 2014 Fund Estimate; and
- 1.5. WHEREAS, on July 18, 2013, the Commission held a workshop on the Proposed 2014 Fund Estimate to consider public comment, and indicated that the adoption of the 2014 Fund Estimate would be scheduled for August 6, 2013; and
- 1.6. WHEREAS, on August 6, 2013, the Department presented to the Commission an updated, Proposed 2014 Fund Estimate; and
- 1.7. WHEREAS, on August 6, 2013, the Commission resolved to adopt the 2014 Fund Estimate per Resolution G-13-08; and
- 1.8. WHEREAS, on October 8, 2013, the Department presented to the Commission a correction to the adopted 2014 Fund Estimate; and
- 1.9. WHEREAS, on October 8, 2013, the Commission resolved to update the 2014 Fund Estimate per Resolution G-13-11, replacing Resolution G-13-08; and
- 1.10. WHEREAS, on March 20, 2014, the Department presented to the Commission a revised 2014 State Highway Operation and Protection Program (SHOPP) Fund Estimate; and
- 1.11. WHEREAS, the revised 2014 SHOPP Fund Estimate identifies program capacity of approximately \$13.7 billion from 2013-14 through 2018-19, which is an increase of about

\$277 million in comparison to the 2014 Fund Estimate adopted on August 6, 2013.

- 1.12 WHEREAS, the revised 2014 SHOPP Fund Estimate includes annual programming targets adjusted for General Fund loan repayments and Proposition 1B administrative savings to ensure that sufficient projects are developed to utilize the additional revenues.
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission does hereby adopt the revised 2014 SHOPP Fund Estimate, as presented by the Department on March 20, 2014, with programming in the 2014 SHOPP to be based on the statutory funding identified; and
- 2.2 BE IT FURTHER RESOLVED that the Commission requests that the Department, in cooperation with Commission staff, distribute copies of the revised 2014 SHOPP Fund Estimate to each regional agency and county transportation commission.