

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 19-20, 2016

Reference No.: 2.5h.
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Division of Budgets

Subject: **FINANCIAL ALLOCATION FOR FEDERAL FISCAL YEAR 2016-17 LOCAL ASSISTANCE LUMP SUM ALLOCATION – FEDERAL FUNDS RESOLUTION FM-16-01**

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) allocate \$1,506,000,000 to the Department for the Division of Local Assistance's federal subvention budget for Fiscal Year 2016-17.

ISSUE:

The Department requests the Commission to allocate the federal portion of Local Assistance subvention funds in the amount of \$1,506,000,000 which is consistent with Budget Act Item 2660-102-0890(1) from the Budget Act of 2016.

The Fixing America's Surface Transportation (FAST) Act was approved on December 4, 2015, and consolidated many of the local subvention sub-programs into four major federal programs. The FAST Act provides transportation funding over Federal Fiscal Year (FFY) 2016 through 2020. The Department is requesting \$1,506,000,000 to sub-allocate funds to projects in the following programs:

| <u>Program</u> | <u>Allocation Request</u> |
|---|----------------------------------|
| National Highway Performance Program | \$211,847,000 |
| Surface Transportation Block Grant Program | \$522,925,000 |
| Congestion Mitigation and Air Quality Improvement Program | \$437,077,000 |
| Highway Safety Improvement Program | \$83,626,000 |
| Discretionary Programs | \$250,525,000 |
| Total | \$1,506,000,000 |

BACKGROUND:

The Department's Local Assistance Program administers the subvention budget under delegated authority from the Commission. Each year the Department requests an annual lump sum allocation for these funds consistent with the annual Budget Act. At the June 2016 Commission meeting, the Commission allocated approximately \$106 million of state subvention funds, per Resolution FM-15-05.

The Department is requesting an allocation of approximately \$1.5 billion of federal subvention funds. The allocation of federal subvention funds will allow the Department to sub-allocate funds to specific projects submitted by local agencies.

The guidelines for allocating, monitoring, and auditing of funds for Local Assistance projects are set forth in Commission Resolution G-99-25, which is based on Section 14529.1 of the California Government Code. Commission Resolution G-01-08 delegates the authority to the Department to adjust allocations between categories, and the Department reports to the Commission if transfers in or out of an expenditure category exceed 10 percent of its allocation.

RESOLUTION:

Resolved, that \$1,506,000,000 of federal funds be allocated from the Budget Act of 2016, Budget Act Item 2660-102-0890(1), in accordance with the table on the next page, bringing the total lump sum allocation for the Fiscal Year 2016-17 Local Assistance subvention budget to \$1,612,078,000.

**ALLOCATION OF FUNDS FOR FISCAL YEAR 2016-17 LOCAL ASSISTANCE
 (Dollars in Thousands)**

| | State | Federal | Total |
|---|------------------|--------------------|---------------------------|
| <u>2660-102-0042(1)</u> | | | |
| Surface Transportation Program (STP) State Match and Exchange | \$57,849 | | \$57,849 |
| Bridge Inspection | 735 | | 735 |
| Railroad Grade Separations | 15,000 | | 15,000 |
| Railroad Grade Crossing Maintenance | 3,765 | | 3,765 |
| Miscellaneous Unassigned Local Programs | 3,250 | | 3,250 |
| Freeway Service Patrol | 25,479 | | 25,479 |
| Subtotal | \$106,078 | | \$106,078 |
| | | | |
| <u>2660-102-0890(1)</u> | | | |
| National Highway Performance Program (NHPP) ¹ | | \$211,847 | \$211,847 |
| Surface Transportation Block Grant Program (STBGP) ² | | 522,925 | 522,925 |
| Congestion Mitigation and Air Quality (CMAQ) Improvement Program | | 437,077 | 437,077 |
| Highway Safety Improvement Program (HSIP) ³ | | 83,626 | 83,626 |
| Discretionary Programs ⁴ | | 250,525 | 250,525 |
| Subtotal | | \$1,506,000 | \$1,506,000 |
| Total Local Program | \$106,078 | \$1,506,000 | \$1,612,078 |
| June 29-30, 2016, State Allocation, FM-15-05 | | | <u>- \$106,078</u> |
| Current Allocation Request | | | <u>\$1,506,000</u> |

¹ Funding is reserved for locally-administered bridges on federal-aid highways.

² About \$75 million is set aside for bridges that are off federal-aid highways 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 HSIP includes funding for the Federal Railroad Grade Crossing Protection program.

⁴ This funding is for discretionary programs, Demonstration projects, Emergency relief, and miscellaneous federal programs for FAST Act and previous Federal Transportation Acts.