

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 19-20, 2016

Reference No.: 4.2
Informational Item

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Subject: **BUDGET AND ALLOCATION CAPACITY UPDATE**

SUMMARY:

Outlined below is an update for the California Transportation Commission (Commission) concerning topics related to transportation funding in the state of California (State). This information is intended to supplement portions of the verbal presentation on this Item.

Fiscal Year 2016-17 Allocation vs. Capacity

As of August 31, 2016, the Commission has allocated over \$1 billion toward 160 projects in Fiscal Year 2016-17. Adjustments totaled negative \$13 million, leaving approximately \$2.3 billion (69 percent) in remaining allocation capacity.

2016-17 Capital Allocations vs. Capacity								
Summary through August 31, 2016								
(\$ in millions)								
	SHOPP	STIP	TCRP	AERO	ATP	TIRCP	BONDS	TOTAL
Total Allocation Capacity	\$2,172	\$236	\$191	\$6	\$217	\$200	\$263	\$3,284
Total Votes	894	76	53	2	12	0	11	1,047
Authorized Changes ¹	-14	0	0	0	0	0	0	-13
Total Remaining Capacity	\$1,292	\$160	\$138	\$4	\$205	\$200	\$251	\$2,250

Note: Amounts may not sum to totals due to independent rounding.

¹ Authorized changes include project increases and decreases pursuant to the Commission's G-12 process and project rescissions.

Cap-and-Trade: Transit and Intercity Rail Capital Program & Active Transportation Program

As part of an ongoing effort to reduce greenhouse gases released into the atmosphere, the State's Cap-and-Trade Program works to limit carbon emissions through market-based regulation. The program establishes an emissions "cap" that decreases over time, requiring companies in industries known to release pollutants to purchase or trade permits (allowances) during scheduled quarterly auctions. Based on current law, State-controlled proceeds are dedicated to multiple programs that function to improve the environment and promote alternative energy sources. Investing in technologies that reduce emissions allow companies to sell excess permits, thereby providing a financial incentive for technological innovation and investments in clean energy.

The Transit and Intercity Rail Capital Program (TIRCP), administered by the California State Transportation Agency with assistance of the California Department of Transportation (Department), receives a percentage of Cap-and-Trade proceeds based on statute. During the current legislative session, multiple bills were introduced that impact the percentage split and method of allocation of Cap-and-Trade proceeds, including for the TIRCP. The Governor approved a portion of these bills on September 14, 2016, which resulted in a one-time appropriation of \$135 million to the TIRCP. It guarantees a minimum capacity of \$135 million with total capacity continuing to be based its percentage of total auction proceeds. The \$200 million programming target may not be met due to disappointing auction proceeds in both April and August. The approved bills also included a one-time appropriation of \$10 million for the Active Transportation Program.

Federal Redistribution of Obligation Limitation

The Federal Highway Administration published a Notice on August 31st, regarding redistribution of the federal fiscal year 2015-16 Obligation Limitation, known as August Redistribution. This form of Redistribution occurs when states are unable to obligate the entirety of their limitation by the end of the federal fiscal year, September 30, 2016. Through August Redistribution, unobligated amounts subject to lapse are instead redistributed to states able to obligate the additional limitation. Of the total \$2.8 billion in obligation limitation available for redistribution in 2015-16, California was apportioned over \$293 million (10.5 percent). This apportionment is almost double the \$147 million annual Redistribution assumption included in the 2016 State Transportation Improvement Program Fund Estimate. California received more than any other state this fiscal year, while New York received \$155 million (the second largest Redistribution).

State Transit Assistance Transfers

As required by statute, the State Controller's Office (SCO) transfers a portion of diesel sales tax revenue from the Public Transportation Account to State Transit Assistance (STA) for local transit agencies on a quarterly basis. During the August 2016 Commission meeting, the Department explained that SCO delayed STA transfers pending proposed legislation that would impact their allocation methodology. At that time, SCO anticipated processing the delayed transfers by the end of August 2016. The transfers did not occur, and legislation (Senate Bill 838) was signed into law on September 13, 2016. When the Department contacted SCO on September 16, 2016, they stated that their intent was to process the transfers within one month. The Department is continuing to monitor the status of these transfers and will provide an update at the October 2016 meeting.