

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 6-7, 2007

Reference No.: 3.11
Information Item

From: CINDY McKIM
Chief Financial Officer

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Division Chief
Local Assistance

Subject: **SECOND QUARTER BALANCE REPORT OF AB 1012 "USE IT OR LOSE IT"**
PROVISION FOR FEDERAL FISCAL YEAR 2005 UNOBLIGATED CMAQ AND RSTP
FUNDS

SUMMARY:

The annual notice to regional agencies under Assembly Bill (AB) 1012 "Use It or Lose It" provisions for Federal Fiscal Year (FFY) 2005 funds (October 1, 2004 through September 30, 2005) was sent out on November 20, 2006. As of September 2006, the total FFY 2005 funds subject to reprogramming under the provisions of AB 1012 were approximately \$134 million, including \$87 million of Congestion Mitigation and Air Quality funds (CMAQ) equaling 65 percent of the balance subject to reprogramming and \$47 million of Regional Surface Transportation Program (RSTP) funds equaling 35 percent of the balance subject to reprogramming. The AB 1012 balances assume that all prior year funds subject to reprogramming will be obligated, extended, or reprogrammed, and therefore not included in this report.

The February 28, 2007 balance report shows the total funds subject to reprogramming for FFY 2005 are approximately \$104 million, including \$62 million in CMAQ funds and \$42 million in RSTP funds. CMAQ funds account for 60 percent of the balance subject to reprogramming and RSTP funds account for 40 percent. There are 12 agencies with CMAQ balances and 6 agencies with RSTP balances subject to reprogramming. (Please note that agencies may have more than one type of fund subject to reprogramming.) The balances subject to reprogramming have decreased by \$30 million since the initial notification in November 2006. However, the balances may increase as a result of project deobligations from the inactive project review process. Beginning in FFY 2006, several rural agencies are receiving CMAQ apportionments and Obligation Authority (OA), and apportionments for these rural agencies are included in this AB 1012 balance report.

On March 19, 2007, the federal government issued a rescission notice of the Federal Apportionments in the amount of \$3.4 billion dollars. The California local share of this rescission totaled \$124 million, of which approximately \$72 million are CMAQ and RSTP apportionments. (The next quarterly report will reflect adjustments to the regions impacted by this rescission.)

BACKGROUND:

The State annually receives CMAQ and RSTP funds from the Federal Highway Administration (FHWA). The regions receive a share of these apportionments to fund local projects.

The Intermodal Surface Transportation Efficiency Act (ISTEA) was enacted in 1991 and was in effect for six years. During that time, local agencies were able to obligate only 87 percent of their federal funding. The next Transportation Act, known as the Transportation Equity Act of the 21st Century (TEA-21), was signed into law in 1998. During the first two years of TEA-21, local agencies' obligation of federal funds dropped to a low of 41 percent. As a result, by October 1999, local agencies had accumulated a \$1.2 billion backlog in federal apportionments and \$854 million in OA.

AB 1012 was enacted on October 10, 1999, with a goal of improving the delivery of transportation projects and addressing the backlog of local agencies' federal apportionments and OA. Local agencies have successfully met and exceeded this goal. Beginning in FFY 2000, and continuing through FFY 2006, local agencies have been able to obligate 100 percent of the OA made available to them.

As a condition of AB 1012, the Department is required to notify the regions, on an annual basis, of the level of apportionments received that are subject to reprogramming. In addition, the regional agencies are required to submit obligation plans for CMAQ and RSTP balances older than two years. The Department has received the Regional obligation plans, which were due on April 2, 2007. These obligation plans aid the Department when working with the agencies to meet the Timely Use of Funds provisions of AB 1012. These provisions require the Department to ensure sufficient obligation authority is available to meet the needs of the regional agencies for projects contained in the submitted obligation plans.

In order to expend apportionments, local agencies require OA. The FHWA has released the total OA for FFY 2007 in the amount of \$995 million. This is an increase of approximately \$118 million than was expected. The increased availability of OA will help local agencies to expend apportionments available to them.

Attachments

**Apportionment Status Report
CMAQ and RSTP
as of February 28, 2007**

Reference No.: 3.11
June 6-7, 2007
Attachment 1

**AB 1012
Balances entering the 3rd Year
(from FFY 2005)*
Report Summary**

*Previously referred to as Cycle 8

Region	CMAQ Unobligated 2/28/2007 Delivery Balance ¹	CMAQ Amount Subject to AB 1012 Reprogramming 11/01/2007 ²	RSTP Unobligated 2/28/2007 Delivery Balance ¹	RSTP Amount Subject to AB 1012 Reprogramming 11/01/2007 ²
Butte	753,545	-	2,424,459	-
Fresno	13,803,077	3,517,469	21,945,473	3,484,777
Kern	18,430,855	11,164,105	20,047,177	4,769,345
Kings	1,848,865	439,107	1,544,871	-
Los Angeles ³	137,097,792	9,343,705	168,930,543	-
Madera	1,475,236	101,177	1,468,117	-
Merced	2,027,631	-	2,512,561	-
Monterey	1,125,210	1,125,210	6,670,885	-
Orange	18,540,088	-	63,415,921	-
Riverside	30,113,798	6,049,042	56,013,578	23,370,766
Sacramento (SACOG) ⁴	(4,081,174)	-	23,308,955	-
San Benito	934,044	934,044	635,246	-
San Bernardino	46,690,801	21,993,801	43,113,695	3,641,701
San Diego	(1,592,590)	-	48,303,933	-
S.F. Bay Area (MTC)	22,452,303	-	92,380,799	-
San Joaquin	7,286,638	-	8,033,875	-
San Luis Obispo	-	-	4,439,410	-
Santa Barbara ⁵	(0)	-	4,765,446	-
Santa Cruz	881,760	881,760	3,050,123	-
Stanislaus	9,022,121	3,108,358	14,076,942	3,755,476
Tahoe	1,997,054	1,418,962	550,748	-
Tulare	3,307,646	-	4,391,630	-
Ventura	6,116,157	-	19,597,359	2,205,527
Rural Counties & SCAG	\$2,129,190	-	\$16,844,709	1,568,062
TOTAL	\$320,360,045	\$60,076,739	\$628,466,454	\$42,795,654

Footnotes:

- ° Apportionment Balances do not include the rescission amounts applied to each region, per PL 110-5 dated March 19, 2007.
- ° Balances now include the FFY 2006-07 Advanced/Estimated Apportionments for RSTP
- ° FFY 2006-07 Advanced/Estimated Apportionment balances for CMAQ will be included in the March 31, 2007 report

¹ Indicates all apportionments not yet obligated.

² Totals reflect balance entering into the third year.

^{3,4,5} Includes adjustments made through MOU agreements between regions

Balances are adjusted for projects using the State's Advance Construction process.

Assumes the use of all previous balances.

The regional balances reflect activities that have been recorded in the Department's Local Assistance accounting system. There may be a delay between the FHWA authorization and the recording of the transaction in the Department's Local Assistance accounting system.

**Apportionment Status Report
CMAQ and RSTP
as of February 28, 2007**

Reference No.: 3.11
June 6-7, 2007
Attachment 2

**AB 1012
Balance entering the 3rd Year
(from FFY 2005)*
Rural County Summary**

*Previously referred to as Cycle 8

Region	CMAQ Unobligated 2/28/2007 Delivery Balance ¹	CMAQ Amount Subject to AB 1012 Reprogramming 11/01/2007 ²	RSTP Unobligated 2/28/2007 Delivery Balance ¹	RSTP Amount Subject to AB 1012 Reprogramming 11/01/2007 ²
Rural County Information:				
Del Norte	-	-	328,244	-
Humboldt	-	-	1,509,751	-
Lake	-	-	695,807	-
Mendocino	-	-	1,029,409	-
Lassen	-	-	-	-
Modoc	-	-	296,411	-
Plumas	-	-	248,497	-
Shasta	-	-	404,187	-
Siskiyou	-	-	668,717	-
Tehama	-	-	-	-
Trinity	-	-	251,904	-
Colusa	-	-	224,390	-
El Dorado ⁴	-	-	1,246,400	-
Glenn	-	-	315,667	-
Nevada ³	804,784	-	1,098,238	-
Placer ⁴	-	-	748,623	-
Sierra	-	-	131,205	-
Inyo	-	-	673,483	-
Mono	-	-	229,725	-
Alpine	-	-	131,208	-
Amador ³	311,802	-	418,852	-
Calaveras ³	378,568	-	483,934	-
Mariposa ³	148,357	-	204,414	-
Tuolumne ³	469,405	-	650,366	-
Imperial (SCAG) ^{3,5}	16,274	-	4,855,275	1,568,062
Rural Combined Totals:	\$2,129,190	-	\$16,844,709	1,568,062

Footnotes:

- ° Apportionment Balances do not include the rescission amounts applied to each region, per PL 110-5 dated March 19, 2007.
- ° Balances now include the FFY 2006-07 Advanced/Estimated Apportionments for RSTP.
- ° FFY 2006-07 Advanced/Estimated Apportionment balances for CMAQ will be included in the March 31, 2007 report.

¹ Indicates all apportionments not yet obligated.

² Totals reflect balance entering into the third year.

³ Beginning in FFY 2006, these rural regions are now receiving CMAQ apportionments.

⁴ Balances for El Dorado County and Placer County have been reconciled to correct negative balances shown due to a coding error.

⁵ Balances for Imperial adjusted to reflect a payback from SACOG per MOU

Assumes the use of all previous balances.

The regional balances reflect activities that have been recorded in the Department's Local Assistance accounting system. There may be a delay between the FHWA authorization and the recording of the transaction in the Department's Local Assistance accounting system.