

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: July 25-26, 2007

Reference No.: 2.5i.
Action Item

From: CINDY McKIM
Chief Financial Officer

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Chief
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Subject: **EXCHANGE OF SHOPP STATE FUNDS FOR LOCAL ASSISTANCE FEDERAL FUNDS FOR PROJECTS PROGRAMMED IN THE SAFE ROUTES TO SCHOOLS PROGRAM**
RESOLUTION FM-07-02, AMENDING RESOLUTION FM-06-04

RECOMMENDATION:

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the resolution below, authorizing the exchange and sub-allocation of \$27 million in Local Assistance Federal Highway Safety Improvement Program (HSIP) funds with Capital Outlay State Highway Operation and Protection Program (SHOPP) State funds, pending approval by the Department of Finance.

ISSUE:

On September 9, 2004, the Governor signed Senate Bill 1087 (Soto) extending the Safe Routes to School Program (SR2S) for three additional years until January 1, 2008. Streets and Highways Code Section 2333(a) allows the Department to “substitute State Highway Account funds in accordance with the Department’s policy for State funding in place at the time of the project fund allocation...”

Historically, the SHOPP contains more than \$200 million of safety improvement projects programmed for construction on the State Highway System. The requested \$27 million exchange will provide federal funding for SHOPP projects, allowing an equivalent amount of State Highway Account (SHA) funds to be used for local SR2S projects. This exchange will promote more efficient delivery of SR2S projects.

BACKGROUND:

The Department’s Division of Local Assistance administers the local assistance subvention budget under authority of the Commission. Each year, the Department requests an annual lump sum allocation for these funds consistent with the Budget Act. In past years, the Commission has approved the exchange of federal funds for state funds for the SR2S program as part of the Lump Sum allocation.

The Department programmed projects for the first six years of the SR2S program. All of the projects that were programmed in the first year of the SR2S program were implemented using

federal funding guidelines. For five years the Department approved the exchange of federal funds for state funds. Concurrent with this book item, the Department will submit a budget revision to the Department of Finance to adjust the SHOPP and Local Assistance budget to allow the implementation of the exchange. The exchange was not included in the Department's budget for FY 2006-07 during the budget development process.

Before the Department could consider the implementation of the exchange and include it in the proposed budget, it was necessary for the Department to ensure that the State law enabling the exchange was in accord with the new provisions in SAFETEA-LU and the distribution of safety funds. In addition, consensus had to be reached with transportation partners on the amount of funds dedicated for the SR2S program. Consensus was reached and a memorandum of understanding was signed in February 2007.

FINANCIAL RESOLUTION:

Resolved That:

Pursuant to Provision 1, Item 2660-102-0890, of the 2006 Budget Act, \$27 million be transferred from Local Assistance Appropriation, Item 2660-102-0890(1) to the Capital Outlay Appropriation, Item 2660-302-0890(1) (a); and

Pursuant to Provision 2, Item 2660-302-0042, of the 2006 Budget Act, \$27 million be transferred from 2660-302-0042(1) (a) to the Local Assistance Appropriation, Item 2660-102-0042(1) (b); and

Resolved, that SHOPP projects eligible for federal safety funds, that would otherwise be State funded, will be funded with the exchanged federal safety dollars.

ALLOCATION OF FUNDS FOR LOCAL ASSISTANCE 2006-07 FISCAL YEAR

Dollars in Thousands

RESOLUTION FM-07-02, AMENDING RESOLUTION FM-06-04

	State	Revised State	Federal	Revised Federal	Total
<u>2660-102-0042(1)</u>					
Surface Transportation Program					
(STP) State Match and Exchange	\$ 58,150	\$ 58,150			\$58,150
Local Bridge Inspections	735	735			735
Railroad Grade Separation	15,000	15,000			15,000
Railroad Grade Crossing Maintenance	1,000	1,000			1,000
Misc. Unassigned Local Programs	3,000	3,000			3,000
STIP Freeway Service Patrol	23,479	23,479			23,479
Safe Routes to School (SR2S)	0	27,000			27,000
Subtotal	\$101,364	\$128,364			\$128,364
<u>2660-102-0890(1)</u>					
Surface Transportation Program (STP)			\$382,458	\$382,458	\$382,458
Congestion Mitigation and Air Quality (CMAQ)			411,367	411,367	411,367
Seismic Bridge Retrofit			94,551	94,551	94,551
Highway Bridge Program			138,406	138,406	138,406
Local Bridge Inspections			2,640	2,640	2,640
Railroad Grade Crossing Protection			8,009	8,009	8,009
Highway Safety Improvement Program (HSIP)			46,961	19,961	19,961
High Risk Rural Roads Program (HRRR)			7,435	7,435	7,435
Safe Routes to School (SRTS)			14,624	14,624	14,624
Misc. Unassigned Local Programs			625	625	625
High Priority Projects			215,109	215,109	215,109
Subtotal			\$1,322,185	\$1,295,185	\$1,295,185
Total Local Programs	\$101,364	\$128,364	\$1,322,185	\$1,295,185	\$1,423,549