

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 12-13, 2008

Reference No.: 3.10
Information Item

From: CINDY McKIM
Chief Financial Officer

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Local Assistance

Subject: **LOCAL ASSISTANCE QUARTERLY LUMP SUM ALLOCATION STATUS REPORT FOR FISCAL YEAR 2007-08**

SUMMARY:

On June 7, 2007, the California Transportation Commission (Commission) passed Resolution FM-06-05, allocating \$101 million of State funds for the Department of Transportation's (Department's) Local Assistance Program for Fiscal Year (FY) 2007-08. An additional \$670 million of federal funds for FY 2007-08 Local Assistance program was approved on September 20, 2007, under Resolution FM-07-03. The initial allocation request was for \$1.34 billion, however, the Commission reduced the allocation request to \$670 million, pending the final close-out report for FY 2006-07, which is also on this month's agenda.

On December 13, 2007, the Commission approved a technical correction to move budget authority for \$8.4 million of federal funds from the local subvention budget to the local State Transportation Improvement Program (STIP) budget. The adjustment should not affect the delivery of projects funded with federal subvention funds.

Sub-allocations reported below are based on Federal Fiscal Year (FFY) 2008, which is from October 1, 2007 through September 30, 2008. The amount of Local Assistance subvention funds allocated and administered by the Department's Division of Local Assistance is \$739 million. Of this amount, approximately \$77 million are State funds and \$662 million are federal funds. As of December 31, 2007, \$65 million, or nine percent, of the \$739 million has been sub-allocated to 75 local projects. The majority of these sub-allocations, including Federal Transit Administration (FTA) transfers, are for:

- Surface Transportation Program – 16 projects, \$30 million
- Congestion Mitigation & Air Quality Program – 18 projects, \$20 million
- Railroad Grade Separations – 1 project, \$5 million

The remaining 40 projects are sub-allocated in other categories and account for 15 percent of the expenditures reported.

BACKGROUND:

The Division of Local Assistance administers the local assistance subvention budget under delegated authority from the Commission. The Commission provides an annual lump sum allocation consistent with each fiscal year's Budget Act. The Commission further delegates to the Department the authority to adjust allocations for Local Assistance, and the Department reports to the Commission if transfers in or out of an expenditure category exceed 10 percent of its allocation.

Local Assistance Lump Sum Allocation Status for FY 2007-08:

As of December 31, 2007, the end of the first quarter of FFY 2008, approximately \$65 million or nine percent of the \$739 million of Local Assistance funds allocated have been sub-allocated. The federal funds totaling \$234 million were provided under a continuing resolution and were fully obligated as of December 4, 2007. Any projects submitted for federal authorization after this date were delayed because there was no Obligation Authority (OA) available. However, as of February 1, 2008, the Federal Highway Administration (FHWA) released an additional \$766 million of OA, so these projects are now in the process of being authorized.

The Railroad Grade Separation Program currently has expended 33 percent of its allocation, and the Surface Transportation Program has expended 15 percent of its allocation. Although the High Risk Rural Roads Program category is currently showing only \$159,000 in expenditures, more projects are in the process of receiving sub-allocations. Moreover, the Department expects significant requests for funding during FY 2007-08. Miscellaneous category expenditures are 230 percent; most of the expenditures in this category are for Emergency Relief projects.

There are programs that do not have expenditures as of December 31, 2007. However, the Department has processed allocations for the Highway Safety Improvement Program, Railroad Grade Crossing Protection category, and High Priority Projects category in January 2008. The Safe Routes to School Program currently has no expenditures for FY 2007-08. However, a call for new Safe Routes to School projects was made late last year. Over 400 applications were received, and the Department anticipates releasing a list of approved projects by the end of February 2008. The approved projects will use funds from FY 2007-08. The Public Utilities Commission will invoice the Department for the total allocation of \$2 million in July 2008 for Railroad Grade Crossing Maintenance projects. The Regional Surface Transportation Program State Match and Exchange is expected to be completed by March 31, 2008. Pending contract negotiation and execution, the Department expects sub-allocations for Bridge Inspection projects to occur in June 2008.

This first quarter report is consistent with historical trends that indicate expenditures are lower at the beginning of each fiscal year.

Attachment

LOCAL ASSISTANCE FUNDS
FY 2007-08
As of December 31, 2007
(Dollars in thousands)

Reference No.: 3.10
March 12-13, 2008
Attachment

Fund Description	CTC Allocation			Total Expenditures			Allocation Balance			Percent of Allocation Expended	Number of Projects
	State	Federal	Total	State	Federal	Total	State	Federal	Total	Total	Total
Surface Transportation Program (STP)	0	204,525	204,525	0	30,194	30,194	0	174,331	174,331	15%	16
STP State Match and Exchange	57,558	0	57,558	0	0	0	57,558	0	57,558	0%	0
Congestion Mitigation & Air Quality Program (CMAQ)	0	202,135	202,135	0	14,362	14,362	0	187,773	187,773	7%	17
Bridge Inspection	735	1,320	2,055	0	0	0	735	1,320	2,055	0%	0
Highway Bridge Program		58,472	58,472	0	1,449	1,449	0	57,023	57,023	2%	18
Bridge - Seismic Retrofit	0	52,000	52,000	0	3,039	3,039	0	48,961	48,961	6%	4
Railroad Grade Crossing Protection		5,597	5,597	0	0	0	0	5,597	5,597	0%	0
Railroad Grade Crossing Maintenance	2,000	0	2,000	0	0	0	2,000	0	2,000	0%	0
Railroad Grade Separations	15,000	0	15,000	5,000	0	5,000	10,000	0	10,000	33%	1
Highway Safety Improvement Program	0	27,878	27,878	0	72	72	0	27,806	27,806	0%	3
High Risk Rural Roads	0	3,549	3,549	0	159	159	0	3,390	3,390	4%	3
Safe Routes to School	0	7,899	7,899	0	0	0	0	7,899	7,899	0%	0
High Priority Projects	0	98,302	98,302	0	0	0	0	98,302	98,302	0%	0
Miscellaneous	2,000	313	2,313	755	4,576	5,331	1,245	-4,263	-3,018	230%	12
Total Local Assistance Subvention Funds	77,293	661,990	739,283	5,755	53,851	59,606	71,538	608,139	679,677	8%	74
Federal Transit Administration (FTA) Transfers					5,175	5,175					1
Total Local Assistance including FTA Transfers	77,293	661,990	739,283	5,755	59,026	64,781	71,538	608,139	679,677	9%	75

Assumptions:

- * Allocations for state funds reflect June 2007 vote, item 2.5h.
- * Allocations for federal funds reflect September 2007 vote, item 2.5h.
- * Allocations reflect December 2007 technical correction, State Transportation Improvement Program funding.
- * FTA transfers are \$0 for Regional Surface Transportation Program and \$5,174,731 for CMAQ.
- * The amounts do not include Freeway Service Patrol.
- * Balances are based on project allocation requests.
- * The Allocation Balance is the difference between Commission Allocation and Total Expenditures.
- * Expenditures and Number of Projects are from LP2000 report.