

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: April 15-16, 2009

Reference No.: 4.3 - **REVISED**
Action Item

From: CINDY McKIM
Chief Financial Officer

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Budgets

Subject: **ADOPTION OF ADDITIONAL SHOPP PROJECTS TO BE FUNDED FROM AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) FUNDS**

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) adopt the attached list of projects programmed in the 2008 State Highway Operation and Protection Program (SHOPP) proposed for funding from savings on prior SHOPP projects funded from the American Recovery and Reinvestment Act of 2009 (ARRA).

ISSUE:

On March 11, 2009, the Commission adopted a program of 57 highway maintenance (HM) pavement preservation projects and State Highway Operation and Protection Program (SHOPP) projects valued at \$625,699,100 to be funded with federal ARRA funds. As a result of the current economic conditions in the State, it is anticipated that many of the projects in the adopted program will be delivered below the programmed construction cost. To ensure all the available ARRA funds are utilized within the stringent timeframes required by legislation, the Department recommends the adoption of a list of backup projects to utilize program savings. The projects on the attached list are programmed in the 2008 SHOPP and will be delivered in Fiscal Year (FY) 2008-09. The Department will request funding for the projects upon identification of savings. There is a concurrent request for allocation of Projects ~~2 and 3~~ **and 4**.

The projects on the attached list have been screened and found to have significant economic benefit. All the projects on the list will be ready to obligate based on the requirements in ARRA as program savings are identified.

BACKGROUND:

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 (H.R.1,S.1). This bill includes \$27.5 billion stimulus funding nationwide for highway transportation projects. The State of California's share is approximately \$2.5 billion. The Department is anticipating receiving approximately \$625 million of federal funds to be used for stimulating the economy by providing funds for SHOPP and HM projects. An additional

\$8,687,500 will be utilized for SHOPP ARRA to offset the local assistance State oversight costs that will be paid by the State Highway Account, bringing the total funded from ARRA to \$633,687,500. Due to the “Timely Use of Funds” and “Use It or Lose It” provisions of this legislation, the Department will need to move quickly to obligate these new funds.

The new ARRA funds are anticipated to be monitored and accounted for separately from the Department’s current SHOPP projects funded from the State Highway Account. To ensure accountability, these funds will have their own reporting requirements at the federal level, and the Department anticipates equal or more stringent reporting requirements at the State level.

Attachment