State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

Memorandum

TAB 63

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 8, 2014

Reference No.: 2.5h.
Action Item

CTC
OCT 0 8 2014
CALIFORNIA
TRANSPORTATION COMMISSION

From: NORMA ORTEGA
Chief Financial Officer

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Division of Budgets

Subject: **FINANCIAL ALLOCATION FOR FISCAL YEAR 2014-15 LOCAL ASSISTANCE LUMP SUM ALLOCATION – FEDERAL FUNDS**
RESOLUTION FM-14-01

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) allocate ~~$1,506,000,000~~ $753,000,000 to the Department for the Division of Local Assistance's federal subvention budget for Fiscal Year (FY) 2014-15.

ISSUE:

The Department is requesting that the Commission allocate the federal portion of Local Assistance subvention funds in the amount of ~~$1,506,000,000~~ $753,000,000 which is consistent with Budget Act Item 2660-102-0890(1) from Senate Bill 852 of 2014.

The Moving Ahead for Progress in the 21st Century Act (MAP-21) was approved on July 6, 2012, and consolidated many of the local subvention sub-programs into four major federal programs. MAP-21 expires on September 30, 2014, and a nine-month extension was approved on August 8, 2014, that endeavors to fund MAP-21 at federal fiscal year (FFY) 2012-13 levels. The Department assumes that a continuing resolution will be passed to fund federal programs for the remainder of FFY 2014-15. The Department is requesting about ~~$1,279,000,000~~ 640,000,000 in federal allocations for the following four major programs:

- ~~$221~~ 111 million for the National Highway Performance Program (NHPP), which funds locally-administered on-system bridges.
- ~~$535~~ 267 million for the Surface Transportation Program (STP), which funds the Regional Surface Transportation Program (RSTP) and includes a $75 million set-aside for bridges that are off the State Highway System.
- ~~$449~~ 225 million for the Congestion Mitigation and Air Quality Program (CMAQ).
- ~~$74~~ 37 million for the Highway Safety Improvement Program (HSIP), which funds safety programs.

In addition, the Department is requesting ~~$227~~ 113,000,000 to fund discretionary programs, Demonstration projects, Emergency Relief, and miscellaneous federal programs that are available under MAP-21 and previous Federal Transportation Acts.

BACKGROUND:

The Department's Division of Local Assistance administers the state and federal 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 annual Budget Act. At the June 2014 Commission meeting, the Commission allocated approximately $104 million of state subvention funds, per Resolution FM-13-03.

The Department is requesting an allocation of approximately $1.5 billion of federal subvention funds for the start of the federal fiscal year, which begins October 1, 2014. The allocation of these federal subvention funds will allow the Department to sub-allocate projects once the federal funds are made available by the Federal Highway Administration.

The guidelines for allocating, monitoring, and auditing of funds for local assistance projects are set forth in Commission Resolution G-99-25, which is based on Section 14529.1 of the Government Code. The Commission Resolution G-01-08 delegates the authority to the Department to adjust allocations between categories, and the Department reports to the Commission if transfers in or out of an expenditure category exceed 10 percent of its allocation.

RESOLUTION:

Resolved, that $~~1,506,000,000~~ 753,000,000 in federal funds be allocated from the Budget Act of 2014, Budget Act Item 2660-102-0890(1), in accordance with the table on the next page, bringing the total lump sum allocation for the FY 2014-15 Local Assistance subvention budget to $1,610,313,000.

ALLOCATION OF FUNDS FOR FY 2014-15 LOCAL ASSISTANCE
(Dollars in Thousands)

	State	Federal	Total	
2660-102-0042(1)				
Surface Transportation Program (STP) State Match and Exchange	$57,849		$57,849	
Bridge Inspection	735		735	
Railroad Grade Separations	15,000		15,000	
Railroad Grade Crossing Maintenance	2,000		2,000	
Miscellaneous Unassigned Local Programs	3,250		3,250	
Freeway Service Patrol	25,479		25,479	
Subtotal	**$104,313**		**$104,313**	
2660-102-0890(1)				
National Highway Performance Program (NHPP)[1]		~~$221,000~~	~~$221,000~~	111,000
Surface Transportation Program (STP)[2]		~~535,000~~	~~535,000~~	267,000
Congestion Mitigation and Air Quality Program (CMAQ)		~~449,000~~	~~449,000~~	225,000
Highway Safety Improvement Program (HSIP)		~~74,000~~	~~74,000~~	37,000
Discretionary Programs[3]		~~227,000~~	~~227,000~~	113,00
Subtotal		**~~$1,506,000~~**	**~~$1,506,000~~**	753,00
Total Local Programs	**$104,313**	**~~$1,506,000~~**	**~~$1,610,313~~**	857,31
June 25, 2014, State Allocation, FM-13-03			- $104,313	
Current Allocation Request			**~~$1,506,000~~**	753,00

[1] Funding is reserved for State Highway System (SHS) bridges on the National Highway System (NHS). If a bridge is on the SHS, but not on the NHS; the local share of NHPP may be exchanged for the state share of STP.
[2] About $75 million is set aside for bridges that are off the SHS and about $58 million is budgeted to be exchanged on a dollar-for-dollar basis for State Highway Account funds (2660-102-0042(1)).
[3] This funding is for discretionary programs, Demonstration projects, Emergency Relief, and miscellaneous federal programs for MAP-21and previous Federal Transportation Acts.