

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 15, 2004

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Information Item

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Ref: **PRIORITIZATION OF SHOPP PROJECT ALLOCATIONS**

ISSUE

The 2004 State Highway Operation and Protection Program (SHOPP) includes approximately \$1.85 billion for projects programmed in FY 2004-05, including minor projects and reservations to cover priority functional areas where projects are not yet defined but historically have required allocations. The Reservation is traditionally used for additional safety projects, emergency damage restoration, and minor weigh station activities done in conjunction with the California Highway Patrol. Approximately \$100 million has been set-aside, or "reserved", in the 2004 SHOPP for these types of projects.

At the August 5, 2004 California Transportation Commission (Commission) meeting, the Department of Transportation (Department) projected \$504 million to be available through June 2005 for allocation. However, Fiscal Year (FY) 2004-05 Budget Act trailer bills and other budget related State and federal legislation could impact the forecast. The great deal of uncertainty surrounding some major transportation revenue sources indicates a need for a prudent allocation plan.

Due to the limited funds available for allocations made by the Commission, the Department will continue to prioritize proposed allocations for FY 2004-05 consistent with past fiscal year Allocation Plans developed by Department staff and agreed to by the Commission. Generally, the priorities have been:

- safety and current emergencies,
- safety related (bridge scour & seismic, other collision reduction activities, RR grade crossings, employee safety issues),
- prior commitments or legal requirements (relinquishments, stormwater legal actions, American with Disabilities Act),
- preservation and restoration (permanent repair to damage caused by natural events, bridge & pavement rehabilitation, drainage corrections),

- highway betterment and mitigation (planting rehabilitation, roadside maintenance)
- highway operations (traffic and congestion, signs and lighting, facilities).

Because transportation funds are even more restrictive in FY 2004-05 than in prior years, the Department anticipates that safety and emergency work will be the only activities that can be authorized. As additional revenues (and programming capacity) become available in FY 2004-05, the Department will propose additional allocations following the above allocation priority ranking.

BACKGROUND:

The Commission's priorities used to develop the FY 2002-03 and FY 2003-04 SHOPP Allocation Plans followed the statutory requirements of Streets & Highways Code Section 167 (a), that requires funds in the State Highway Account be expended on the following sequence of priorities:

1. Operation, maintenance and rehabilitation of the state highway system.
2. Safety improvements where physical changes, other than adding additional lanes, would reduce fatalities and the number and severity of injuries.
3. Transportation capacity improvements that expand capacity or reduce congestion, or do both.
4. Environmental enhancements and mitigation projects.

These same priorities will be used to develop a FY 2004-05 Allocation Plan if additional funds become available.

All of the projects within the \$504 million available for allocation in FY 2004-05 fall into the first two priorities of Section 167 (a), with the exception of Transportation Enhancement Activity projects that have their own dedicated funding source.

The total program value of the FY 2004-05 SHOPP is approximately \$1.85 billion. This number includes programmed SHOPP projects in FY 2004-05 and SHOPP reservations, including the Minor Program.