

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 19-20, 2005

Reference No.: 2.5g.
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Bimla Rhinehart
Acting Division Chief
Division of Budgets

Ref: **EXCHANGE OF CAPITAL OUTLAY STATE HIGHWAY OPERATION AND PROTECTION PLAN (SHOPP) STATE FUNDS FOR LOCAL ASSISTANCE FEDERAL TRUST FUND DOLLARS FOR PROJECTS PROGRAMMED IN THE SAFE ROUTES TO SCHOOLS PROGRAM**
RESOLUTION-FM-04-03

BACKGROUND:

On September 9, 2004, the Governor signed SB 1087 (Soto). This bill extended the Safe Routes to Schools (SR2S) Program for three additional years. The program will remain in effect until January 1, 2008. In addition, SB 1087 allows the Department of Transportation (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...” for SR2S projects.

The State Highway Operation and Protection Plan (SHOPP) includes projects that are funded with a mixture of state and federal funds. Currently, the SHOPP includes approximately \$100 million of projects that are eligible for federal safety funds. However, a limited amount of federal safety funds is available. The SHOPP projects must be developed using federal funding guidelines. The exchange of federal SR2S funds for state funds for SHOPP projects does not impact the use of those guidelines and it is revenue neutral.

In addition, it is the California Transportation Commission (Commission) policy that projects costing less than \$750,000 should be funded with state funds, subject to the availability of those funds (Resolution G-01-26). All projects funded under the SR2S are less than \$750,000. The SR2S projects range from \$25,000 to \$500,000.

In prior years, the Commission has approved the substitution of federal funds for state funds for the SR2S Program as follows: FY 2001-02, \$20.7 million for Cycle 2, FY 2002-03, \$15 million for Cycle 3, and FY 2003-04, \$22 million for Cycle 4. The amount of federal funds available for substitution in FY 2004-05 is \$22.7 million for Cycle 5.

Funding for the SR2S program is currently included as part of the Lump Sum Allocation request for Local Assistance. As demonstrated on Page Three, the exchange of the federal funds for state funds will be shown as a decrease in the amount of federal funds, with a corresponding increase in the state funds and will be a revenue neutral exchange.

RECOMMENDATION:

It is recommended that Cycle 5 of the SR2S program be funded with state funds and accomplished by the above process. This substitution of federal funds for state funds will allow the Department to be more responsive in the delivery of SR2S projects.

FINANCIAL RESOLUTION:

Resolved That:

Pursuant to Provision 1, Item 2660-102-0890, of the 2004 Budget Act, \$22.7 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 2004 Budget Act, \$22.7 million be transferred from 2660-302-0042(1)(a) to the Local Assistance Appropriation, Item 2660-102-0042(1)(b)

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

SUMMARY AND CONCLUSIONS:

This allocation provides the authority to substitute funds, up to the amounts listed on Page 3 of this resolution for the Safe Routes to School Program and SHOPP projects.

ALLOCATION OF FUNDS FOR LOCAL ASSISTANCE 2004-05 FISCAL YEAR

(Dollars in Thousands)

	<u>State</u>	<u>Federal</u>	<u>Revised State</u>	<u>Revised Federal</u>
<u>2660-102-0042(1)</u>				
State Match and Exchange	\$46,000		\$46,000	
Seismic Bridge Retrofit State Match	0		0	
Local Bridge Inspection	735		735	
Railroad Grade Separation	15,000		15,000	
RR Grade Crossing Maintenance	4,250		4,250	
Misc. Unassigned Local Programs	2,000		2,000	
TEA Exchange	6,440		6,440	
Freeway Service Patrol	18,079		18,079	
Safe Routes to Schools	<u>0</u>		<u>22,700</u>	
Subtotal	\$92,504		\$115,204	
<u>2660-105-0046(1)</u>				
Bay Area Ferry Operations Program	\$2,879		\$2,879	
<u>2660-102-0890(1)</u>				
Surface Transportation (STP)		\$245,764		\$245,764
Congestion Mitigation and Air Quality (CMAQ)		268,397		268,397
Seismic Bridge Retrofit		44,344		44,344
Bridge Rehabilitation and Replacement		85,086		85,086
Local Bridge Inspection		1,725		1,725
RR Grade Crossing Protection		8,310		5,270
Hazard Elimination & Safety (HES)		8,310		5,269
Safe Routes to School		16,619		0
Misc. Unassigned Local Programs		1,062		1,062
TEA-Regional Share		<u>0</u>		<u>0</u>
Subtotal		\$679,617		\$656,917
Total Local Programs	\$95,383	\$679,617	\$118,083	\$656,917