

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 19-20, 2007

Reference No.: 3.11
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Terry Abbott
Division Chief
Local Assistance

Subject: **THIRD QUARTER BALANCE REPORT OF AB 1012 "USE IT OR LOSE IT" PROVISION FOR FEDERAL FISCAL YEAR 2005 UNOBLIGATED CMAQ AND RSTP FUNDS**

SUMMARY:

The annual notice to regional agencies under Assembly Bill (AB) 1012 "Use It or Lose It" provisions for Federal Fiscal Year (FFY) 2005 funds (October 1, 2004 through September 30, 2005) was sent out on November 20, 2006. As of September 2006, the total FFY 2005 funds subject to reprogramming under the provisions of AB 1012 were approximately \$134 million, including \$87 million of Congestion Mitigation and Air Quality (CMAQ) funds equaling 65 percent of the balance subject to reprogramming and \$47 million of Regional Surface Transportation Program (RSTP) funds equaling 35 percent of the balance subject to reprogramming. The AB 1012 balances assume that all prior year funds subject to reprogramming will be obligated, extended, or reprogrammed, and therefore not included in this report.

The June 30, 2007 balance report shows the total funds subject to reprogramming for FFY 2005 are approximately \$51 million, including \$20 million in CMAQ funds and \$31 million in RSTP funds. CMAQ funds account for 40 percent of the balance subject to reprogramming and RSTP funds account for 60 percent. There are eight agencies with CMAQ balances and seven agencies with RSTP balances subject to reprogramming. (Please note that agencies may have more than one type of fund subject to reprogramming.) The balances subject to reprogramming have decreased by \$83 million since the initial notification in November 2006. However, the balances may increase as a result of project deobligations from the inactive project review process. Beginning in FFY 2006, several rural agencies are receiving CMAQ apportionments and Obligation Authority (OA), and apportionments for these rural agencies are included in this AB 1012 balance report.

On June 20, 2007, the federal government issued a second federal apportionment rescission notice, N 4510.647, in the amount of \$871,022,000 million dollars. The California local share of this rescission totaled \$31 million, of which approximately \$17.6 million was in CMAQ apportionments and \$400,000 was in RSTP apportionments. (The next quarterly report will reflect adjustments to the regions impacted by this rescission.)

BACKGROUND:

Each year, the State receives CMAQ and RSTP funds from the Federal Highway Administration (FHWA). The regions receive a share of these apportionments to fund local projects.

The Intermodal Surface Transportation Efficiency Act (ISTEA) was enacted in 1991 and was in effect for six years. During that time, local agencies were able to obligate only 87 percent of their federal funding. The next Transportation Act, known as the Transportation Equity Act of the 21st Century (TEA-21), was signed into law in 1998. During the first two years of TEA-21, local agencies' obligation of federal funds dropped to a low of 41 percent. As a result, by October 1999, local agencies had accumulated a \$1.2 billion backlog in federal apportionments and \$854 million in OA.

AB 1012 was enacted on October 10, 1999, with a goal of improving the delivery of transportation projects and addressing the backlog of local agencies' federal apportionments and OA. Local agencies have successfully met and exceeded this goal. Beginning in FFY 2000, and continuing through FFY 2006, local agencies have been able to obligate 100 percent of the OA made available to them.

As a condition of AB 1012, the Department is required to notify the regions, on an annual basis, of the level of apportionments received that are subject to reprogramming. In addition, the regional agencies are required to submit obligation plans for CMAQ and RSTP balances older than two years. The Department received the regional obligation plans, which were due on April 2, 2007. These obligation plans aid the Department when working with the agencies to meet the Timely Use of Funds provisions of AB 1012.

In order to expend apportionments, local agencies require OA. The FHWA has released the total OA for FFY 2007 in the amount of \$995 million. This is an increase of approximately \$118 million more than was expected. The increased availability of OA will help local agencies to expend apportionments available to them.

Attachments

Apportionment Status Report
CMAQ and RSTP
(as of June 30, 2007)

Reference No.: 3.11
September 19-20, 2007
Attachment 1

AB 1012
Balances entering the 3rd Year
(from FFY 2005)*
Report Summary

*Previously referred to as Cycle 8

Region	CMAQ Amount		RSTP Amount	
	CMAQ Unobligated 6/30/2007 Delivery Balance ¹	Subject to AB 1012 Reprogramming 11/01/2007 ²	RSTP Unobligated 6/30/2007 Delivery Balance ¹	Subject to AB 1012 Reprogramming 11/01/2007 ²
Butte	2,107,267	-	-	-
Fresno	19,118,691	-	19,101,331	1,315,110
Kern	18,943,051	4,412,378	17,269,114	2,549,469
Kings	2,930,966	111,999	0	-
Los Angeles	116,977,787	-	98,982,722	-
Madera	1,441,140	-	-	-
Merced	1,670,213	-	0	-
Monterey	2,274,361	956,521	1,785,347	-
Orange	42,541,401	-	54,756,709	-
Riverside	48,156,008	35,858	54,496,856	23,157,786
Sacramento (SACOG) ^{3,4,5}	20,076,900	-	10,901,820	-
San Benito ³	120,394	-	-	-
San Bernardino	61,000,771	11,616,378	38,626,035	596,181
San Diego	27,385,924	-	48,799,725	-
S.F. Bay Area (MTC)	57,303,908	-	32,623,610	-
San Joaquin	13,689,778	-	7,828,632	-
San Luis Obispo	-	-	1,422,984	-
Santa Barbara ⁴	29,816	-	-	-
Santa Cruz	1,528,203	728,231	(0)	-
Stanislaus	13,207,309	1,382,083	10,827,859	883,496
Tahoe	2,205,760	1,049,801	-	-
Tulare	6,643,599	-	-	-
Ventura	11,768,721	-	17,892,545	1,136,137
Rural Counties & SCAG ⁵	\$5,099,348	-	\$4,273,331	\$986,118
TOTAL	\$476,221,316	\$20,293,248	\$419,588,620	30,624,298

Balances now include:

- * FFY 2007 Advanced/Estimated Apportionments for CMAQ and RSTP.
- * Difference between Advanced/Estimated Apportionments vs. Actual Apportionment for CMAQ & RSTP for FFY 2004, FFY 2005 and FFY 2006.
- * Recission amounts for each region as required by PL 110-5 on March 19, 2007.
- * RSTP Exchange for FFY 2007 effective May 31, 2007.
- * NEPA Delegation contribution for FY 2006-07.

Footnotes:

- ¹ Indicates all apportionments not yet obligated.
- ² Totals reflect balance entering into the third year.
- ^{3,4,5} Includes adjustments made through MOU agreements between regions (San Benito, Santa Barbara & Imperial) and SACOG.

Balances are adjusted for projects using the State's Advance Construction process.

Assumes the use of all previous balances.

The regional balances reflect activities that have been recorded in the Department's Local Assistance accounting system. There may be a delay between the FHWA authorization and the recording of the transaction in the Department's Local Assistance accounting system.

Apportionment Status Report
CMAQ and RSTP
(as of June 30, 2007)

Reference No.: 3.11
September 19-20, 2007
Attachment 2

AB 1012
Balances entering the 3rd Year
(from FFY 2005)*
Rural County Report Summary

*Previously referred to as Cycle 8

Region	CMAQ Unobligated 6/30/2007 Delivery Balance ¹	CMAQ Amount Subject to AB 1012 Reprogramming 11/01/2007 ²	RSTP Unobligated 6/30/2007 Delivery Balance ¹	RSTP Amount Subject to AB 1012 Reprogramming 11/01/2007 ²
Rural County Information:				
Del Norte	-	-	-	-
Humboldt	-	-	-	-
Lake	-	-	-	-
Mendocino	-	-	-	-
Lassen	-	-	-	-
Modoc	-	-	-	-
Plumas	-	-	-	-
Shasta	-	-	-	-
Siskiyou	-	-	-	-
Tehama	-	-	-	-
Trinity	-	-	-	-
Colusa	-	-	-	-
El Dorado ⁴	-	-	-	-
Glenn	-	-	-	-
Nevada ³	1,458,925	-	-	-
Placer ⁴	-	-	-	-
Sierra	-	-	-	-
Inyo	-	-	-	-
Mono	-	-	-	-
Alpine	-	-	-	-
Amador ³	565,241	-	-	-
Calaveras ³	686,274	-	-	-
Mariposa ³	268,944	-	-	-
Tuolumne ³	850,944	-	-	-
Imperial (SCAG) ^{3,5}	1,269,020	-	4,273,331	986,118
Rural Combined Totals:	\$5,099,348	-	\$4,273,331	\$986,118

Balances now include:

- * FFY 2007 Advanced/Estimated Apportionments for CMAQ and RSTP.
- * Difference between Advanced/Estimated Apportionments vs. Actual Apportionment for CMAQ & RSTP for FFY 2004, FFY 2005 and FFY 2006.
- * Recission amounts for each region as required by PL 110-5 on March 19, 2007.
- * RSTP Exchange for FFY 2007 effective May 31, 2007.

Footnotes:

- ¹ Indicates all apportionments not yet obligated.
- ² Totals reflect balance entering into the third year.
- ³ Beginning in FFY 2006, these rural regions are now receiving CMAQ apportionments.
- ⁴ Balances for El Dorado County and Placer County have been reconciled to correct negative balances shown due to a coding error.
- ⁵ Balances for Imperial adjusted to reflect a payback from SACOG per MOU.

Assumes the use of all previous balances.

The regional balances reflect activities that have been recorded in the Department's Local Assistance accounting system. There may be a delay between the FHWA authorization and the recording of the transaction in the Department's Local Assistance accounting system.