

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 28-29, 2008

Reference No.: 2.5h.  
Action Item

From: CINDY McKIM  
Chief Financial Officer

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Local Assistance

Subject: **FINANCIAL ALLOCATION ADJUSTMENT FOR FISCAL YEAR 2007-08 LOCAL ASSISTANCE LUMP SUM ALLOCATION RESOLUTION FM-07-06, AMENDING RESOLUTION FM-07-04**

## **RECOMMENDATION:**

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the Resolution below, allocating \$670,390,332 for the Fiscal Year (FY) 2007-08 Local Assistance lump sum allocation.

## **ISSUE:**

In September 2007, the Commission passed Resolution FM-07-03, allocating \$670 million of federal funds for FY 2007-08. The initial allocation request was for \$1.34 billion; however, the Commission reduced the allocation request to \$670 million, pending the final close-out report for FY 2006-07. The Department presented the FY 2006-07 close-out report at the March 2008 meeting, which included a three-year allocation comparison. These reports showed the Department consistently allocates all funds authorized by the Commission.

## **BACKGROUND:**

The Department's Division of Local Assistance administers the local assistance subvention budget under delegated authority from the Commission. The Commission provides an annual lump sum allocation consistent with each fiscal year's Budget Act.

In June 2007, the Commission passed Resolution FM-06-05, allocating \$101 million of State funds for the Department's Local Assistance Program for FY 2007-08. In September 2007, the Commission passed Resolution FM-07-03, allocating \$670 million of federal funds for FY 2007-08. That allocation represented one half of the federal lump sum FY 2007-08 Budget Act levels.

In December 2007, the Commission approved a technical correction to move budget authority for \$8.4 million of federal funds from the local subvention budget to the local State Transportation Improvement Program (STIP) budget. And, in March 2008, the Commission passed Resolution FM-07-04, authorizing the exchange and suballocation of Local Assistance Federal Highway Safety Improvement Program funds with Capital Outlay State Highway Operation and Protection Program (SHOPP) funds. The \$25 million exchange provided federal funding for SHOPP projects

while allowing an equal amount of State Highway Account funds to be used for the State Safe Routes to School Program.

As of March 31, 2008, local agencies have used 57 percent, or \$423 million of the \$739 million total allocation. This is higher when compared to last year's allocation use of 28 percent, or \$189 million of the \$688 million total allocation. Based on obligation plans submitted by local agencies, the Department anticipates using all funds allocated by the Commission for FY 2007-08.

Approval of this request is necessary to ensure local agencies can be reimbursed for their project costs in a timely manner.

**FINANCIAL RESOLUTION:**

Resolved, that an additional \$670,390,332 be allocated from the 2007 Budget Act, Local Assistance Item 2660-102-0890(1), for a total FY 2007-08 Local Assistance federal allocation amount of \$1,307,381,000.

**ALLOCATION OF FUNDS FOR FY 2007-08 LOCAL ASSISTANCE**

Dollars in Thousands

	State	Federal	Revised Federal	Total
<b><u>2660-102-0042(1)</u></b>				
Surface Transportation Program (STP) State Match and Exchange	\$57,558			\$57,558
Bridge Inspection and Scour Evaluation State Match	735			735
Railroad Grade Separation	15,000			15,000
Railroad Grade Crossing Maintenance	2,000			2,000
Safe Routes to School	25,000			25,000
Misc. Unassigned Local Programs	2,000			2,000
STIP Freeway Service Patrol	23,479			23,479
Subtotal	<b>\$125,772</b>			<b>\$125,772</b>
<b><u>2660-102-0890(1)</u></b>				
Surface Transportation Program (STP)		<del>\$204,525</del>	\$417,450	\$417,450
Congestion Mitigation and Air Quality (CMAQ)		<del>202,135</del>	404,269	404,269
Seismic Bridge Retrofit		<del>52,000</del>	104,000	104,000
Highway Bridge Program		<del>58,472</del>	116,945	116,945
Bridge Inspection		<del>1,320</del>	2,640	2,640
Railroad Grade Crossing Protection		<del>5,597</del>	11,195	11,195
Highway Safety Improvement Program (HSIP)		<del>2,878</del>	30,757	30,757
High Risk Rural Roads (HRRR)		<del>3,549</del>	7,098	7,098
Safe Routes to School		<del>7,899</del>	15,797	15,797
Misc. Unassigned Local Programs		<del>313</del>	625	625
High Priority Projects		<del>98,302</del>	196,605	196,605
Subtotal		<del>\$636,990</del>	<b>\$1,307,381</b>	<b>\$1,307,381</b>
<b>Total Local Programs</b>	<b>\$125,772</b>		<b>\$1,307,381</b>	<b>\$1,433,153</b>