

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: February 19, 2009

Reference No.: 2.1b.(3)
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **PROJECT AMENDMENT**
STIP AMENDMENT 08S-012

SUMMARY:

The California Department of Transportation (Department) and the Imperial Valley Association of Governments (IVAG) recommend that the following projects programmed in the 2008 State Transportation Improvement Program (STIP) be reprogrammed as a corridor, with funding levels to be based on the state funds previously allocated by the California Transportation Commission (Commission) and available local and federal funds:

- Route 78 Brawley Bypass – Stage 2 project (PPNO 0021F)
- Route 78 Brawley Bypass – Route 86 to Route 111 project (PPNO 0021).

The Department will request that the Commission approve the requested STIP amendment at the next scheduled Commission meeting following the notice period.

BACKGROUND:

The state of California is in an extraordinary fiscal climate. In his December 1, 2008 proclamation, Governor Schwarzenegger noted that state General Fund revenues were slated to decline substantially below the estimate of General Fund revenues upon which the 2008 Budget Act was based and declared the existence of a fiscal emergency. Subsequent actions by the Pooled Money Investment Board (PMIB) have frozen loan disbursements from the Pooled Money Investment Account (PMIA). The current state budget crisis combined with the state's inability to issue more bonds in the foreseeable future is putting projects at a significant risk of suspension. Such suspensions add further costs to these projects, costs the state will eventually be obliged to pay, while delaying benefits to the economy and the public.

The Department recommends that the Commission, on a limited basis, make exceptions to Section 67 of the STIP Guidelines that states that the Commission will not amend the STIP to change the programming of any funds after they have been allocated. The exceptions would be limited to a project that meets all of the following conditions:

1. The projects are funded with Proposition 1B bond projects and were under contract prior to December 17, 2008.

2. The construction contract(s) for the project is(are) at risk of being cancelled because the PMIB is unable approve the expenditure of bond funds.
3. The Department and the local agency are unable to develop a short-term funding strategy through a cooperative agreement.

Commission approval would allow the project to continue by using local or federal funds to meet the immediate cash flow needs of the projects that would otherwise be met with bond funds, and the STIP amendment is necessary for this to occur.

In March 2009, the Department will submit a corresponding allocation amendment for \$80,819,000 to adjust the previously allocated funds programmed in the STIP.

PROPOSED RESOLUTION FOR APPROVAL IN MARCH 2009:

Resolved, that the California Transportation Commission hereby amends the 2008 State Transportation Improvement Program (STIP) as follows:

Deletes the following projects from the STIP

- Route 78 Brawley Bypass – Stage 2 project (PPNO 0021F)
- Route 78 Brawley Bypass – Route 86 to Route 111 project (PPNO 0021).

Adds the following project to the STIP

- Route 78 Brawley Bypass Corridor (PPNO 0021X).

Be it further resolved that approval of this resolution is contingent upon Federal Highway Administration approval of the program changes. This resolution is also null and void should the Pooled Money Investment Board elect to commit funding through project closeout.