

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 19-20, 2010

Reference No.: 2.5h.
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Division Chief
Budgets

Subject: **FINANCIAL ALLOCATION AUGMENTATION FOR LOCAL ASSISTANCE LUMP SUM
FEDERAL FUNDS
RESOLUTION FM-09-03, AMENDING RESOLUTION FM-09-02**

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the Resolution below, allocating \$672,454,500 for the Fiscal Year (FY) 2009-10 Local Assistance lump sum allocation.

ISSUE:

In September 2009, the Commission passed Resolution FM-09-02, allocating \$679 million of federal funds for FY 2009-10. The initial allocation request was for \$1.35 billion; however, the Commission reduced the allocation request to \$679 million, pending the final closeout report for FY 2008-09. The Department presented the FY 2008-09 closeout report at the December 2009 meeting that included a three-year allocation comparison. At this time, the Department is requesting an allocation of the remaining \$672,454,500 in budget authority of the federal funds approved in the Budget Act of 2009.

BACKGROUND:

The 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 Budget Act.

In June 2009, the Commission passed Resolution FM-08-05, allocating \$128 million of State funds for the Department's Local Assistance Program for FY 2009-10. In September 2009, the Commission passed Resolution FM-09-02, allocating \$679 million of federal funds for FY 2009-10. This allocation represents approximately half of the federal lump sum FY 2009-10 Budget Act levels.

As of March 31, 2010, local agencies have used 18 percent, or \$147 million of the \$807 million total allocation. During the past year, the local agencies' project delivery has been impacted due to the priority of delivering an additional \$1.6 billion in projects funded by the American Recovery and Reinvestment Act of 2009. Therefore, when compared to last year's allocation use of

42 percent, or \$327 million of the \$786 million total allocation, usage for FY 2009-10 is lower. However, the Department anticipates using all funds allocated by the Commission for FY 2009-10.

The Department estimates a total federal funding need of \$1.35 billion. This includes \$1.13 billion based on the obligation plans received from Local agencies and \$0.22 billion for the following programs: Bridge Inspection, Railroad Grade Crossing Protection, Miscellaneous Unassigned Local Programs, and High Priority Projects. Approval of this request is necessary to ensure local agencies can be reimbursed for their project costs in a timely manner.

Page three of this Resolution provides a display of the revised allocation authority by category.

FINANCIAL RESOLUTION:

Resolved, that \$672,454,500 be allocated from the Budget Act of 2009, Budget Act Item 2660-102-0890 (1).

ALLOCATION OF FUNDS FOR FY 2009-10 LOCAL ASSISTANCE

Dollars in Thousands

	State	Federal	Revised Federal	Total
<u>2660-102-0042(1)</u>				
Surface Transportation Program State Match and Exchange	\$57,849			\$57,849
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	24,250			24,250
Misc. Unassigned Local Programs	3,000			3,000
STIP Freeway Service Patrol	25,479			25,479
Subtotal	\$128,313			\$128,313
<u>2660-102-0890(1)</u>				
Surface Transportation Program		\$211,676	\$416,749	\$416,749
Congestion Mitigation and Air Quality		\$202,633	405,266	405,266
Seismic Bridge Retrofit		\$15,437	30,874	30,874
Highway Bridge Program		\$99,542	199,084	199,084
Bridge Inspection		\$1,320	2,640	2,640
Railroad Grade Crossing Protection		\$5,858	11,716	11,716
Highway Safety Improvement Program		\$23,606	47,212	47,212
High Risk Rural Roads		\$3,714	7,428	7,428
Safe Routes to School		\$10,336	20,672	20,672
Misc. Unassigned Local Programs		\$850	1,700	1,700
High Priority Projects		\$104,085	208,170	208,170
Subtotal		\$679,057	\$1,351,511	\$1,351,511
Total Local Programs	\$128,313		\$1,351,511	\$1,479,824