

# Memorandum

**To:** CHAIR and COMMISSIONERS

**Date:** February 24-25, 2010

**From:** BIMLA G. RHINEHART  
Executive Director

**Reference No. 4.16**  
**Action**

**Ref:** Implementation of Jobs for Main Street Act of 2010

## ISSUE

If enacted, House Resolution (HR) 2847, the Jobs for Main Street Act of 2010, would provide an additional round of federal stimulus funding for transportation. Under existing state law, these funds would be allocated by the Commission through a lump-sum local assistance allocation, the State Highway Operation and Protection Program (SHOPP), and the State Transportation Improvement Program (STIP). Staff has worked with Caltrans staff to outline a strategy to implement the Jobs for Main Street Act. This outline has been with shared legislative staff and interested parties in the transportation community. The purpose of this item is to outline the proposed implementation strategy. No specific action is being requested, however, staff anticipates that prompt Commission action will be required if the Jobs for Main Street Act is enacted, even if the federal act differs significantly from HR 2847 and/or the implementing state legislation provides a different policy direction.

## RECOMMENDATION

Staff has worked with Caltrans staff to outline a proposed strategy to implement the Jobs for Main Street Act. This strategy would distribute 50% of the funds to regions through the Regional Surface Transportation Program (RSTP) and the STIP. The remaining 50% would remain with the state to fund SHOPP projects, interregional projects outside the STIP, and the STIP.

### Proposal to distribute the transportation funds:

- 50% of funds distributed to the regions.
  - \$1,284,543,100 total
  - \$770,725,860 (30% of total – RSTP formula distribution)
  - \$456,012,801 (STIP formula distribution)
  - \$57,804,439 TE (STIP formula distribution)
  
- 50% of funds distributed to the state.
  - \$1,284,543,100 total
  - \$1,113,270,686 (SHOPP/Interregional – outside the STIP)
  - \$152,004,267 (STIP formula distribution)
  - \$19,268,147 Transportation Enhancement (TE) (STIP formula distribution)

The proposed strategy would also allow the state to loan funds for eligible projects (e.g. bond projects).

Legislation is required to:

- Appropriate the federal funds.
- Allow the Department of Transportation to immediately encumber funds (prior to Department of Finance scheduling of apportionments).
- Set aside an amount for SHOPP/Interregional, and then distribute the remaining funds through the STIP per existing law. Providing funds for the interregional program outside the STIP would provide flexibility to deliver a range of projects in order to meet the deadlines while still ensuring the maximum amount of funding for SHOPP projects.
- Allow the state to loan some, or all, of its SHOPP/Interregional funds for eligible projects (e.g. bond projects). As the original funding for the projects becomes available, the state would be repaid and would use the funds for SHOPP or Interregional projects (outside the STIP). This would maximize the use of the federal funds within the deadlines, and allow for large bond and/or regional projects to be delivered. Regions are allowed to loan RSTP funds under current law.
- Ensure the state and regions are individually responsible for meeting the 90-day and one-year deadlines to execute a contract. If any funds are forfeited because the federal deadline is not met by a region or the state, then that region or the state will have its share of the federal funding reduced proportionally. With only 90 days to contract 50% of the funds, there is no time to re-allocate funds among agencies, so there is a real risk that funds would be forfeited.
- In the case of stimulus funds loaned between regions, the region borrowing accepts the risk of funding reduction, if necessary, due to forfeit.
- Allow for 10 day notice of STIP (stimulus) amendments, without listing specific projects. With only 90 days to have 50% of the funds under contract, normal 30 day STIP notice could impact the state's and regions' ability to meet that deadline.
- Responsibility for reporting rests with the agency receiving the stimulus funds.

Proposed Implementation Strategies (no legislative change required):

- Delegate stimulus allocation authority for projects already programmed to the CTC Executive Director.
- Plan for additional one-day Commission meetings as necessary.
- Stimulus STIP shares will be accounted for separately from the 2010 STIP and will then be rolled into the 2012 STIP.

- Give regions advancing locally implemented, federally eligible bond projects with their local stimulus funds the ability to program another eligible bond project in their area.
- State implemented, federally eligible bond projects will be advanced with state stimulus funds, and count towards the state's 50% under contract in 90-days deadline.
- Stimulus funds used to advance Trade Corridor Improvement Fund projects will count toward balancing the over-programming.
- Stimulus funds will not be eligible to be exchanged for non-federal State Highway Account funds.
- Allocations to meet the 90-day deadline will be made largely on a first-come, first-served basis, with priority given to economically distressed areas.
- Allocation amendments for already allocated STIP projects will be allowed if approved by the Federal Highway Administration, with prior allocated amounts returned to shares.
- The STIP and RSTP funding distributions will allow for equitable distribution of funds to the regions in the State.
- The 2010 STIP adoption may be delayed.

## **BACKGROUND**

HR 2847 provides for \$27.5 billion for transportation purposes. After certain "off the top" earmarks, \$26.655 billion remains to be distributed to the states. Approximately \$2.57 billion would come to California. The distribution in HR 2847 is 30% to the regions (RSTP formula), 3% for TE, and 67% to the state. 50% of the total funds must be encumbered under contract within 90 days of apportionment, with the rest to be encumbered within one year.