

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: April 7-8, 2010

Reference No.: 4.12  
Action Item

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Chief Financial Officer

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Budgets

Subject: **ADOPTION OF REVISED 2010 SHOPP FUND ESTIMATE  
RESOLUTION G-10-**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the attached resolution and adopt a revised 2010 State Highway Operation and Protection Program (SHOPP) Fund Estimate.

## **ISSUE:**

The current competitive bid environment has led to significant and persistent savings at project award for SHOPP projects. These savings have resulted in an opportunity for the development and delivery of additional projects. The Department has worked with Commission Staff to develop an adjustment to the SHOPP Fund Estimate Capacity that will take project savings into account, and ensure that sufficient projects are developed to utilize award savings.

## **BACKGROUND:**

The 2010 Fund Estimate was adopted by the Commission on October 14, 2009. The Fund Estimate is a biennial estimate of all the resources available for the State's transportation infrastructure over the next five-year period, and establishes the program funding levels for the State Transportation Improvement Program, as well as the SHOPP. The Fund Estimate is the basis for the programming levels included in the SHOPP, which in turn identifies projects that will be delivered to utilize available funding.

Attachments

# CALIFORNIA TRANSPORTATION COMMISSION

## Adoption of the Revised 2010 SHOPP Fund Estimate

### Resolution G-10-

- 1.1. WHEREAS, Sections 14524 and 14525 of the Government Code require the Department of Transportation (Department) to present and the California Transportation Commission (Commission) to adopt a biennial Fund Estimate to include and estimate all State and Federal funds reasonably expected to be available for the biennial State Transportation Improvement Program (STIP), including the amount that may be programmed in each county for regional improvement programs; and
- 1.2. WHEREAS, on February 19, 2009, the Department presented an overview of the fund estimate process, schedule, and special issues, including uncertainty regarding major revenues that would impact the fund estimate; and
- 1.3. WHEREAS, on April 15, 2009, the Commission postponed the adoption of the 2010 Fund Estimate assumptions until after the May 19, 2009 special election; and
- 1.4. WHEREAS, on June 10, 2009, the Department presented and the Commission adopted the 2010 Fund Estimate Assumptions; and
- 1.5. WHEREAS, on July 9, 2009, the Commission postponed the adoption of the 2010 Fund Estimate until enactment of the State Budget per Section 14525(d) of the Government Code; and
- 1.6. WHEREAS, on August 12, 2009, the Department presented to the Commission the Draft 2010 Fund Estimate, and the Commission scheduled a workshop on the 2010 Fund Estimate for September 9, 2009 and scheduled the adoption of the 2010 Fund Estimate for October 14, 2009; and
- 1.7. WHEREAS, on September 9, 2009, the Commission held a workshop on the Draft 2010 Fund Estimate to consider public comment; and
- 1.8. WHEREAS, on October 14, 2009, the Department presented to the Commission an updated Proposed 2010 Fund Estimate; and

- 1.9 WHEREAS, on October 14, 2009, the Commission resolved to adopt the 2010 Fund Estimate per Resolution G-09-10; and
- 1.10 WHEREAS, on April 7, 2010, the Department presented to the Commission a revised 2010 State Highway Operation and Protection Program (SHOPP) Fund Estimate; and
- 1.11 WHEREAS, the revised 2010 SHOPP Fund Estimate identifies program capacity of approximately \$12.0 billion from 2009-10 through 2014-15, which is an increase of about \$1.7 billion in comparison to the 2010 Fund Estimate adopted on October 14, 2009; and
- 1.12 WHEREAS, the revised 2010 SHOPP Fund Estimate includes annual programming targets adjusted for estimated awards savings to ensure that sufficient projects are developed to utilize these savings.
- 2.1 NOW THEREFORE BE IT RESOLVED that the Commission does hereby adopt the revised 2010 SHOPP Fund Estimate, as presented by the Department at the April 7, 2010 meeting, with programming in the 2011 SHOPP to be based on the statutory funding identified; and
- 2.2 BE IT FURTHER RESOLVED that the Commission requests that the Department, in cooperation with Commission staff, distribute copies of the revised 2010 SHOPP Fund Estimate to each regional agency and county transportation commission.

PINK HANDOUT

**Revision to the 2010 SHOPP Fund Estimate Capacity**  
**(\$ in millions)**

The Department has worked with Commission staff to develop an adjustment to the 2010 SHOPP Fund Estimate to account for persistently low construction bids. As a result of the contract award savings, the table below displays a net increase in SHOPP target capacity of \$1.7 billion with the increases occurring over the first four years: \$668 million in 2009-10, \$630 million in 2010-11, \$340 million in 2011-12, and \$40 million in 2012-13.

Estimated Award Savings Factor:

	35%	25%	15%						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5-Year	6-Year	
SHOPP Target Capacity, 2010 FE	\$ 1,912	\$ 1,690	\$ 1,690	\$ 1,690	\$ 1,680	\$ 1,680	\$ 8,430	\$ 10,342	
Awards Savings <sup>1</sup>	668	395	240	-	-	-	635	1,303	
<b>Subtotal</b>	<b>\$ 2,580</b>	<b>\$ 2,085</b>	<b>\$ 1,930</b>	<b>\$ 1,690</b>	<b>\$ 1,680</b>	<b>\$ 1,680</b>	<b>\$ 9,065</b>	<b>\$ 11,645</b>	
Savings from Award Savings <sup>2</sup>	-	235	100	40	-	-	375	375	
<b>New SHOPP Target Capacity</b>	<b>\$ 2,580</b>	<b>\$ 2,320</b>	<b>\$ 2,030</b>	<b>\$ 1,730</b>	<b>\$ 1,680</b>	<b>\$ 1,680</b>	<b>\$ 9,439</b>	<b>\$ 12,020</b>	
Less SHOPP Target Capacity, 2010 FE	(1,912)	(1,690)	(1,690)	(1,690)	(1,680)	(1,680)	(8,430)	(10,342)	
<b>Increase in SHOPP Target Capacity</b>	<b>\$ 668</b>	<b>\$ 630</b>	<b>\$ 340</b>	<b>\$ 40</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,010</b>	<b>\$ 1,678</b>	

Notes:

<sup>1</sup> Represents the projected annual award savings on allocations from the Federal Trust Fund multiplied by the "Estimated Award Savings Factor."

<sup>2</sup> Represents the additional prior years' savings from "Awards Savings" multiplied by the "Estimated Award Savings Factor."