

Memorandum

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To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 18-19, 2016

Reference No.: 4.19
Information Item

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Chief Financial Officer

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Subject: **FAST ACT – IMPLEMENTATION AND FEDERAL FUNDING ISSUES INCLUDING
REPURPOSING GRANTS**

SUMMARY:

On December 4, 2015, President Obama signed the “Fixing America’s Surface Transportation (FAST) Act” into law. The FAST Act is largely consistent with the prior Act, known as the Moving Ahead for Progress in the 21st Century Act (MAP-21), in terms of policies and funded programs. One notable difference between the two acts is a new apportioned program called the National Highway Freight Performance Program, intended to focus on efficient movement of freight.

BACKGROUND:

The FAST Act is a five-year act that was signed into law on December 4, 2015, making it the first new transportation act in more than a decade that provides true long-term funding commitments and policy direction. MAP-21 was a two-year act, and while new policy direction was set forth in MAP-21, long-term funding was lacking. Nation-wide, the FAST Act provides more than \$300 billion for transportation priorities through 2020. Funding levels for California in the Fast Act are consistent with the adopted 2016 State Transportation Improvement Program Fund Estimate.

Funding Splits

Since the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law in 2005, the approximate split of federal funding between the State and local transportation agencies has been approximately 60 percent/40 percent for apportioned programs. The 60 percent/40 percent split of funding was a natural outcome of a combination of state and federal laws, and commitments to fund important activities such as local bridge safety.

Certain federal fund apportionment categories are designated in part, or wholly for local control by federal law. This includes Congestion Mitigation and Air Quality (CMAQ) funding, Metropolitan Planning funding, and a portion of Surface Transportation Block Grant Program (STBGP). Other funds, such as Highway Safety Improvement Program (HSIP) funding is split between state and local agencies by state law.

When MAP-21 effectively combined a number of apportionment categories into larger, more broadly-based categories, some apportionment categories that were shared between the state and local agencies were rolled into other categories. The California Department of Transportation (Department) and local agencies worked together to reach agreement on funding splits that followed the same 60 percent/40 percent ratio from prior federal acts.

National Highway Freight Program

Perhaps the most significant change in apportionment categories inherent in the FAST Act is the addition of the National Highway Freight Program (NHFP), and the creation of the National Highway Freight Network (NHFN). Generally, NHFP funds must be used to contribute to the efficient movement of freight on the NHFN, and be identified in a freight investment plan included as part of the State's freight plan. The FAST Act provides about \$582 million in NHFP apportionments to California over the five-year period of the act. Eligible projects are on Federal Highway Administration's (FHWA) designated Primary Highway Freight System, Critical Rural Freight Corridors, and Critical Urban Freight Corridors.

States will be able to obligate up to 10 percent of their freight program funds for improvements to freight rail or ports, statutorily breaking a long-standing practice against using the Highway Trust Fund (HTF) resources for modes of transportation other than highways and public transportation. This is especially notable in light of the fact that neither ports nor rail companies contribute to the HTF.

Fast Lane Grants

The NSFHP program provides financial assistance of approximately \$900 million per year in the form of national-competitive grants known as Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE) grants, to nationally and regionally significant freight and highway projects. The FASTLANE grants provide dedicated funding for projects that address major issues facing our nation's freight infrastructure, including highways, bridges and including intermodal projects.

The FASTLANE grants may not exceed 60 percent of the total eligible project costs for qualifying NSFHP projects. An additional 20 percent may come from other federal sources bringing federal participation up to an 80 percent maximum. The remaining project costs must come from non-federal sources such as state funds, local funds, and private funds.

Repurposing of Earmarks

The 2016 Consolidated Appropriations Act appropriated funds for a multitude of federal programs, including transportation. The Consolidated Appropriations Act also included a provision allowing for the repurposing of certain federal earmark funds. On March 8, 2016, FHWA issued guidance on the implementation of earmark repurposing. FHWA also released lists of earmark projects that are potentially eligible for the repurposing.

To be eligible for repurposing, an earmark project must have been earmarked more than 10 years ago, and:

- Have less than 10 percent funding obligated, or
- If more than 10 percent of funding is obligated, the project has been completed and closed with savings to the earmark.

The Department's Division of Local Assistance has determined that a range of \$110 to \$200 million in earmarks may be eligible for repurposing. A letter from the Division of Local Assistance to appropriate local entities was sent April 18, 2016, detailing the process for repurposing as well as laying out important deadlines. Repurpose requests are ultimately due to the Federal Highway Administration by September 12, 2016. Repurposed earmarks must be used on projects within 50 miles of the original earmark project.

Transportation Funding Alternatives

The FAST Act directs the United States Secretary of Transportation to make grants to states in order to demonstrate alternative, user-based revenue mechanisms that could maintain the long-term solvency of the HTF. The goal is to test at least two alternative user-based revenue mechanisms and provide recommendations for adoption and implementation at the federal level. Funding will be up to \$95 million with the federal share limited to 50 percent of eligible project costs.



Caltrans®

FAST Act Implementation and Funding
Presented to the
California Transportation Commission

Fixing America's Surface Transportation (FAST) Act

- Provides \$305 billion for transportation priorities through 2020
 - 5-years of funding certainty for infrastructure planning and investment
- Largely consistent with the Moving Ahead for Progress in the 21st Century Act
- For the past decade, federal funding for apportioned programs have been split about 60/40 between the State and Locals, respectively

National Highway Freight Program

- The FAST Act establishes the new National Highway Freight Program (NHFP)
 - California to receive approximately \$582 million in NHFP apportionments over the 5-year period.
 - States will be able to obligate up to 10 percent of NHFP funding for improvements to freight rails or ports.
 - New nationally competitive FASTLANE grants provide approximately \$900 million per year for eligible freight and highway projects that are nationally or regionally significant.

FASTLANE and TIGER Grants

Grant Type	Request Submitted	Total Project Cost <i>(millions)</i>	Total Grant Requests <i>(millions)</i>	Total Local Match <i>(millions)</i>
FASTLANE	24	\$4,871	\$1,151	\$3,102
TIGER	27	\$1,583	\$641	\$845

*Because grant requests from local agencies did not pass through Caltrans, this table is subject to change



Repurposing of Earmarks

- On March 8, 2016, the Federal Highway Administration (FHWA) issued guidance for the implementation of earmark repurposing
- The Division of Local Assistance determined that \$110 to \$200 million is available for repurposing
- Projects utilizing repurposed funds must be within 50 miles of original earmark and be eligible for Surface Transportation Block Grant Program
- Only available this federal fiscal year, requests are due to the FHWA by September 12, 2016

2016 FASTLANE PROGRAM PROJECT SUBMITTALS

District	Sponsor / Application Lead	Project	Total Cost (\$1,000)	Grant Request (\$1,000)	Local Match (\$1,000)
4	California Department of Transportation (Caltrans)	I-80 / I-680 / SR 12 Interchange Project	\$207,000	\$124,000	\$83,000
7	California Department of Transportation (Caltrans)	Rosecrans / Marquardt Ave Grade Separation Project	\$130,000	\$30,000	\$100,000
11	California Department of Transportation (Caltrans)	SR 11 Enrico Fermi to Otay Mesa East Point of Entry Improvements Project	\$177,200	\$55,000	\$122,200
2	Shasta Regional Transportation Agency (SRTA)	I-5 Redding to Anderson Widening and UPRR Overhead Project	\$77,000	\$46,200	\$30,000
3	Placer County Transportation Planning Agency (PCTPA)	Rebuild I-80 / SR 65 Interchange to Widen Northbound SR 65 from 2 to 3 lanes Project	\$38,000	\$6,000	\$32,000
4	Alameda County Transportation Commission (Alameda CTC)	Global Operations at the Port of Oakland / 7 th Street Grade Separation Project	\$235,000	\$140,000	\$95,000
4	Sonoma County Transportation Authority (SCTA)	US 101 Marin-Sonoma Narrows, Extend HOV Lane from Gunn Drive to north of Corona Road Project	\$122,000	\$73,000	\$49,000
4	City/County Association of Governments of San Mateo County (C/CAG)	US 101 / Willow Road Interchange Improvements Project	\$79,800	\$10,400	\$69,400
6	Tulare County Association of Governments (TCAG)	SR 99 Tagus 6-Lane Widening Project	\$86,000	\$51,600	\$34,400
6	Madera County Transportation Commission (MCTC)	Madera SR 99 4 to 6 Lanes Widening Project	\$67,240	\$36,440	\$30,800
6	Fresno Council of Governments (Fresno COG)	SR 180 4-Lane Expressway Project	\$56,200	\$32,760	\$23,440
6	City of Bakersfield	Centennial Corridor SR 58/99 Freight Corridor Improvements Project	\$286,500	\$120,000	\$166,500

District	Sponsor / Application Lead	Project	Total Cost (\$1,000)	Grant Request (\$1,000)	Local Match (\$1,000)
7	Los Angeles County Metropolitan Transportation Authority (Metro)	I-110 / I-405 Interchange and Widening Project	\$37,000	\$15,000	\$22,000
7	Los Angeles County Metropolitan Transportation Authority (Metro)	SR 71 Expressway to Freeway Conversion Project	\$175,000	\$40,000	\$135,000
7	Los Angeles County Metropolitan Transportation Authority / Gateway Cities Council of Governments (Metro / GCCOG)	Freight Advanced Traveler Information System (FRATIS) Demonstration Project	\$23,000	\$13,800	\$9,200
7	Port of Los Angeles (POLA)	Port of LA Zero Emission / Truck Trip Reduction / Freight Efficiency Project	\$98,800	\$35,100	\$63,700
7	Port of Long Beach (POLB)	Green Port Gateway Phase 2: Terminal Island Wye Rail Improvements Project	\$23,000	\$18,400	\$4,600
7	Port of Long Beach (POLB)	Middle Harbor Terminal Redevelopment Project	\$110,000	\$50,000	\$60,000
7	City of Industry	SR 57 / SR 60 (at the Grand Avenue) Confluence Project	\$202,000	\$30,000	\$172,000
8	City of Rialto, San Bernardino County	I-10 Freight Interchange and Riverside/Corridor Project	\$72,000	\$29,520	\$42,480
8	San Bernardino Associated Governments	I-10 Logistics Corridor Project	\$616,400	\$35,000	\$378,000
8	City of Moreno Valley	SR 60 Inland SoCal Freight Corridor Project	\$186,870	\$96,468	\$90,402
11	Imperial County Transportation Commission (ICTC)	Calexico East Port of Entry Project	\$64,700	\$30,000	\$34,700
12	Orange County Transportation Authority (OCTA)	I-405 Improvement Project	\$1,700,000	\$32,000	\$1,254,000*

*Measure M2 funds (\$1.254B) - The remaining balance of \$414M will be funded through Toll Bonds (or TIFIA, if granted), SHOPP and other Federal Funds (RSTP, IMD, etc.)

This list represents submittals Caltrans was made aware of and is not intended to represent a comprehensive list of California FASTLANE applications.

2016 CALTRANS FASTLANE PROGRAM PROJECT SUBMITTALS

District	Sponsor / Application Lead	Project	Total Cost (\$1,000)	Grant Request (\$1,000)	Local Match (\$1,000)
4	California Department of Transportation (Caltrans)	I-80 / I-680 / SR 12 Interchange Project	\$207,000	\$124,000	\$83,000
7	California Department of Transportation (Caltrans)	Rosecrans / Marquardt Ave Grade Separation Project	\$130,000	\$30,000	\$100,000
11	California Department of Transportation (Caltrans)	SR 11 Enrico Fermin to Otay Mesa East Point of Entry Improvements Project	\$177,200	\$55,000	\$122,200

I-80 / I-680 / SR 12 Interchange Project (District 4)

This project reflects Phase I of a collaborative effort between Caltrans and the Solano Transportation Authority to improve the 50 year old Interstate (I)-80, I-680, and State Route (SR) 12 interchange complex near Fairfield. This phase is comprised of the following components: improvements to the I-80/I-680/SR 12 Interchange; realignment of I-680; a new interchange at I-680 and Red Top Road; a new road connecting the I-80/Red Top Road Interchange to Business Center Drive; a new interchange at SR 12W and the new Red Top Road alignment; a modified interchange at I-80 and Green Valley Road; new I-80 bridges over Green Valley Creek; widening of I-80, a new lane on eastbound SR 12E, and widening of the SR 12E bridge over LedgeWood Creek. The proposed improvements are designed to reduce congestion, accommodate anticipated increases in traffic demand, and address safety concerns, while preserving the existing network of interchanges serving local land uses.

Rosecrans / Marquardt Avenue Grade Separation Project (District 7)

This project will provide a grade separation at the intersection of Rosecrans and Marquardt Avenues from the BNSF Railway mainline tracks located in Santa Fe Springs in Los Angeles County. It will enhance safety by eliminating the existing interface between motor vehicles, pedestrians, bicyclists, and freight and passenger trains and is the last grade separation project which will complete 15 miles of third main track between Commerce in Los Angeles County and Fullerton in Orange. Because this crossing is located along the second busiest intercity passenger rail corridor in the nation and connects the Ports of Los Angeles and Long Beach with distant domestic and international destinations, this efficiency-increasing project will benefit many partners, users, and communities.

SR 11 Enrico Fermin to Otay Mesa East Point of Entry Improvements Project (District 11)

This project will construct the final segment of the new State Route 11 freeway system to the Otay Mesa East Port of Entry at the California-Mexico border and two freeway to freeway connectors (Southbound SR 125 to Southbound SR 905 and Southbound SR 125 to Eastbound SR 11), providing critical linkages between San Diego's primary freight corridors in the border region. This joint project with the San Diego Association of Governments will facilitate increased efficiency and reliability of both freight and passenger movement by reducing delays at the border and increase competitiveness, generating national and regional economic benefits.

2016 TIGER PROGRAM PROJECT SUBMITTALS

Caltrans District	Sponsor / Application Lead	Project	Total Cost (\$1,000)	TIGER Grant Request (\$1,000)	Local Match (\$1,000)
2	Caltrans	I-5 Redding to Anderson Six-Lane Project and UPRR Overhead Replacement	\$88,540	\$52,870	\$35,670
4	Caltrans	SR 116/121 Intersection Improvements	\$19,000	\$15,200	\$3,800
5	Caltrans	SR 156 East Improvements	\$81,264	\$9,640	\$71,625
N/A	Arizona DOT	I-15 Virgin River Gorge Bridge #1 Superstructure	\$35,000	\$25,000	\$10,000
2	City of Redding	I-5/Oasis Road interchange	\$18,600	\$15,500	\$3,100
3	City of Rancho Cordova	White Rock Road: Widening, median landscape, and bike lanes	\$20,000	\$10,000	\$6,500
3	City of Live Oak	Live Oak Streetscape	\$21,200	\$15,700	\$1,300
4	City of Hercules	Hercules Intermodal Transit Center (ITC)	\$18,185	\$17,425	\$697
4	Bay Area Rapid Transit (BART)	19 th Street Oakland Modernization and Multimodal Transit Improvements Project	\$28,675	\$6,322	\$22,353
5	Santa Barbara County Association of Governments	U.S. 101: Access to Opportunities Project: Multimodal facilities	\$73,000	\$20,000	\$53,000
6	Madera County Transportation Commission	State Route (SR) 99 Widening	\$67,240	\$48,580	\$18,660
6	Kern County Council of Governments	SR 99 Bella Terrace Safety and Freight Improvement Project	\$42,000	\$42,000	\$8,400
7	Port of Los Angeles	Rail Efficiency Project: Alameda Corridor-West Basin Area Track Gap Closure	\$8,988	\$6,456	\$2,524
7	Port of Long Beach	Middle Harbor Terminal Redevelopment Project	\$150,000	\$50,000	\$100,000
7	Port of Long Beach	Green Port Gateway Phase 2: Terminal Island Wye Rail Improvements	\$23,000	\$18,400	\$4,600
7	City of Diamond Bar	SR-57/SR-60 Confluence Project: Eastbound Grand Ave. ramp improvements	\$202,000	\$30,000	\$172,000
7	Los Angeles County Metropolitan Transportation Authority (LACMTA)	Rosecrans/ Marquardt Grade Separation	\$137,200	\$25,000	\$112,200

This list represents submittals Caltrans was made aware of and is not intended to represent a comprehensive list of California TIGER applications.

Caltrans District	Sponsor / Application Lead	Project	Total Cost (\$1,000)	TIGER Grant Request (\$1,000)	Local Match (\$1,000)
8	Coachella Valley Association of Governments	CV Link: Pedestrian, biking, hiking, wheelchair, and electric vehicle access throughout the Coachella Valley.	\$99,997	\$24,307	\$30,750
9	Inyo County	Olancha Cartago Four-Lane Project	\$117,050	\$88,400	\$17,130
10	SJCOG	Stockton NW Wye Connector	\$4,000	\$2,640	\$8,140
10	SJCOG	Lathrop Connector	\$17,290	\$9,000	\$5,290
11	Imperial County Transportation Commission (ICTC)	SR 98/Cesar Chavez Blvd Transportation Improvements	\$76,000	\$11,000	\$65,000
11	County of San Diego and SANDAG	Bradley Avenue/State Route 67 (SR-67) Interchange improvements	\$18,000	\$12,600	\$5,400
11	City of Escondido	Citracado Parkway Extension Project	\$23,267	\$12,500	\$10,767
11	SANDAG	State Route 905/125/11 Southbound Connectors and Otay Mesa Border Pedestrian Improvements Projects	\$98,200	\$29,000	\$66,200
11	SANDAG	San Diego River Bridge Double-Track Project	\$93,900	\$11,500	\$8,240
12	OCTA, Caltrans	I-405 Improvement: widening	\$1,700	\$32,000	\$1,254

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