

MEMORANDUM TAB 89

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 29-30, 2022

From: ANGEL PYLE, Chief Financial Officer (Acting)

Reference Number: 2.5h., Action Item **YELLOW REPLACEMENT ITEM**

Prepared By: Keith Duncan, Chief
Division of Budgets

Subject: **AMENDMENT TO THE FISCAL YEAR 2021-22 LOCAL ASSISTANCE ANNUAL ALLOCATION – FEDERAL FUNDS**
RESOLUTION FM-21-04, AMENDING RESOLUTION FM-21-01

ACTION UPDATE: Provide additional information on Carbon Reduction Program and Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Program.

ISSUE:

The California Department of Transportation (Department) is requesting an increase of \$1,285,852,000 to the Local Assistance Federal annual allocation as authorized in the State Budget Act of 2021. This increase includes \$843,933,000 for increases in existing Federal programs per the new Infrastructure Investment and Jobs Act of 2021 (IIJA), \$147,190,000 for August Redistribution, \$95,166,000 for Emergency Relief funding increase, and \$199,563,000 for three new IIJA programs: \$62,997,000 for Carbon Reduction Program (CRP), \$44,737,000 for Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Program, and \$91,829,000 for Community Development/Congressionally Directed Spending Program (CDCDSP). IIJA programs such as CRP and PROTECT may not utilize their corresponding Obligation Authority (OA) this Federal Fiscal Year (FFY). This is due to the lack of a statewide strategy for the CRP and the lack of guidelines for the PROTECT program. Nevertheless, the OA for these programs is being requested as it counts towards the total formula OA that needs to be expended this year to prevent the loss of OA and to participate in the August Redistribution process. The goal is to fully deliver all the formula OA this year by utilizing OA from other formula programs that have guidelines and then adjusting the OA the following year by over delivering the new IIJA programs.

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RECOMMENDATION:

The Department recommends the California Transportation Commission (Commission) approve the increase of \$1,285,852,000 for the Department's Division of Local Assistance's Federal subvention budget for 2021-22.

BACKGROUND:

The Department's Local Assistance Program administers the subvention budget under delegated authority from the Commission. The Commission provides an annual allocation consistent with each fiscal year's State Budget Act.

On October 13-14, 2021, the Local Assistance Program requested the Commission approve an annual allocation of \$1,920,678,000. The amount of the allocation was based on apportionments. The Commission approved Resolution FM-21-01, allocating \$960,339,000 of Federal funds for 2021-22. The remaining balance of \$960,339,000 has been adjusted to \$843,933,000 and reflects obligation authority.

A budget revision was approved by Department of Finance (DOF) on September 30, 2021, to increase Budget Act Item 2660-102-0890(1) by \$147,190,000 for August Redistribution. Based on prior years data, it is anticipated that the following programs will utilize the August Redistribution: National Highway Performance Program, Surface Transportation Block Grant Program, and the Congestion Mitigation and Air Quality Improvement Program.

A budget revision was approved by DOF on April 19, 2022, to increase Budget Act Item 2660-102-0890(1) by \$95,166,000 for additional Federal OA received from the Federal Highway Administration for emergency relief projects.

The new Infrastructure Investment and Jobs Act of 2021 signed on November 15, 2021, added three new Federal programs. Local Assistance Program received \$62,997,000 for CRP, \$44,737,000 for PROTECT Program, and \$91,829,000 for CDCDSP put under the Discretionary and Special Programs category.

FINANCIAL RESOLUTION:

Resolved, that \$1,285,852,000 of Federal funds be allocated from the Budget Act of 2021, Budget Act Item 2660-102-0890(1), in accordance with the table on the next page, bringing the 2021-22 Local Assistance Federal total annual allocation to \$2,246,191,000.

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**ANNUAL ALLOCATION
FISCAL YEAR 2021-22 FUNDS FOR LOCAL ASSISTANCE
(Dollars in Thousands)**

	State	Federal	Amended Federal	Total
<u>2660-102-0042(1)</u>				
Surface Transportation Block Grant Program (STBGP) State Match and Exchange	\$64,191			\$64,191
Bridge Inspection	735			735
Railroad Grade Separations	15,000			15,000
Miscellaneous Unassigned Local Programs	3,250			3,250
Freeway Service Patrol	25,479			25,479
Freeway Service Patrol – Senate Bill 1	25,000			25,000
Senate Bill 137 Exchange - HSIP	60,000			60,000
Subtotal	\$193,655			\$193,655
<u>2660-102-0890(1)</u>				
National Highway Performance Program ¹		\$195,701	\$130,672	\$326,373
Surface Transportation Block Grant Program ²		241,558	379,175	620,733
Congestion Mitigation and Air Quality Improvement Program		245,084	269,720	514,804
Highway Safety Improvement Program		88,000	21,560	109,560
Railroad Grade Crossing Protection		8,531	8,531	17,062
Carbon Reduction Program ⁵			62,997	62,997
Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation Program ⁵			44,737	44,737
Discretionary and Special Programs ³		129,153	224,318	353,471
Highway Infrastructure Program ⁴		52,312	52,313	104,625
Community Development/Congressionally Directed Spending Program			91,829	91,829
Subtotal		\$960,339	\$1,285,852	\$2,246,191
Total Local Programs	\$193,655	\$960,339	\$1,285,852	\$2,439,846

¹ Includes: funding for locally administered bridges on Federal-aid highways, \$75 million set aside for bridges that are off Federal-aid highways, and \$23,495,000 of HIP apportionment of bridge replacement and rehabilitation.

² Excludes \$65 million that is budgeted to be exchanged on a dollar-for-dollar basis for State Highway Account funds.

³ Discretionary program includes: Demonstration projects, High Priority projects, Emergency Relief, Repurposed Earmark Special funding, BUILD/TIGER/INFRA Grants, Ferry Boat Program, Ferry Boat Discretionary Program, Federal Land Access Program, and CDCDSP

⁴ This funding includes \$32,684,000 for EV Charging Infrastructure.

⁵ These programs are formula and may not spend the funding in current fiscal year and will be used on other programs. This is due to the lack of statewide strategy for the CRP and the lack of guidelines for the PROTECT program.

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