

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 2, 2023

From: TANISHA TAYLOR, Interim Deputy Director

Reference Number: 4.4, Action

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Subject: Unallocated Projects Programmed in the State Transportation Improvement Program with Coronavirus Response and Relief Supplemental Appropriations Act Funds, Resolution G-23-54

Recommendation:

Staff recommends the Commission amend the 2021 Mid-cycle STIP Guidelines, *State-Only Funding Exchange Section* to read: Caltrans may authorize a state-only fund exchange for all projects under \$10 million, consistent with the Caltrans Federal-Aid Funding Guidelines.

Staff recommends the California Transportation Commission (Commission) request the Department of Transportation (Caltrans), to the extent feasible, obligate the remaining unobligated Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds from the State Transportation Improvement Program (STIP) to an eligible federal aid project(s).

Staff further recommends Caltrans report on any actions taken by the August 2023 Commission meeting.

Issue:

If signed into law, The Fiscal Responsibility Act of 2023 (H.R. 3746) will immediately rescind all unobligated federal COVID relief funds for Highway Infrastructure Programs appropriated in the CRRSAA of 2020. It is anticipated that the proposed legislation, released on May 28, 2023, would need to be enacted prior to June 5 to avoid the United States defaulting on its debt.

Factoring in allocations contained on this Commission meeting agenda, the Commission will have allocated approximately \$110 million in CRRSAA funds from the STIP. Without additional action, approximately \$72 million will remain unallocated and will be subject to rescission. To avoid agencies losing the funding and having their projects deleted from the STIP, this action would authorize Caltrans to exchange state only funds for eligible projects under \$10 million, consistent with their Federal-Aid Funding Guidelines. For projects above \$10 million, Commission staff will work with Caltrans and the local agencies to determine how best to fund the projects.

Due to the urgency of this matter, the Commission requests Caltrans obligate the remaining unallocated funds to an eligible federal aid highway project to avoid these funds being lost to the State of California. This request is consistent with Government Code Section 14030(c), which authorizes Caltrans to work with regional transportation agencies to maximize the amount of federal funds available to the state

Background:

At its meeting on March 24-25, 2021, the Commission approved distributing \$364.7 million of California's \$911.8 million CRRSAA apportionment to regional agency programs. This \$364.7 million was split equally between the regional share of the State Transportation Improvement Program (STIP) and a new formula program called the CRRSAA Program. As of May 31, \$113 million and \$19 million remain unallocated from the STIP and CRRSAA Program, respectively. These funds are at risk of being rescinded if the federal debt ceiling legislation proposed on May 28 is enacted.

At its meeting on May 12-13, 2021, the Commission approved the 2021 Mid-Cycle STIP Guidelines allowing a State-Only Funding Exchange to regions with a share target of \$3 million or less. This allowed eligible regions to request state-only funding at the time of programming, except in urbanized areas with populations over 200,000 as identified in the Federal Highway Administration apportionment notice dated January 15, 2021. Under the guidelines, a project required to be federalized or that previously received federal funding is not eligible for state-only funding. Projects programmed with state-only funds are subject to Article 19 restrictions.

Resolution G-23-54:

Be it Resolved, that the Commission hereby amends the 2021 Mid-Cycle STIP Guidelines to allow for State-Only funding exchange for projects under \$10 million consistent with Caltrans' Federal-Aid Funding Guidelines.

Be it Further Resolved, that to the extent feasible, Caltrans shall obligate all remaining unobligated funds that have been programmed with CRRSAA funds in the STIP.

Be it Further Resolved, that Caltrans will report all actions taken as a result of Resolution G-23-54 at the August 2023 Commission meeting.