



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Commission

DATE: March 25, 2009

FR: Executive Director

RE: American Recovery and Reinvestment Act of 2009: Proposal for State Funding

Background

Since the Commission mailing, the state Senate unanimously passed ABX3 20 (Bass), which would, among other changes affecting how American Recovery and Reinvestment Act (ARRA) funds flow within California, sub-allocate additional federal highway funding to MTC for programming. While the Assembly and Governor still need to act before this urgency bill becomes law, MTC staff believes this action is likely and therefore is recommending postponement until April of a formal programming action on the ARRA state funding element.

However, staff is requesting approval to release the draft recommendation today, allowing time for partner and stakeholder review prior to Commission action on April 22nd.

Fund Estimate

MTC staff's estimate of total ARRA funding available for the Bay Area, should the state legislation pass, is roughly \$324 million, as shown in the chart below. As a reminder, MTC already programmed \$154 million, leaving roughly \$160 million in ARRA FHWA flexible funds and \$9.7 million in Transportation Enhancement (TE) funding for this programming action.

| <i>All Figures in Millions</i> Bay Area Distribution | Estimated Amount Under ABX3 20 |
|--|---|
| MTC Suballocated (Already Programmed): | 154.0 |
| Added State Element (non-TE): | 160.0 |
| Added State Element (TE): | 9.7 |
| Total Suballocated (62.5% of Share) | 323.7 |

Summary of Recommendation

As described in the memorandum in the Commission packet, staff is recommending that the \$160 million in state element ARRA funds be directed to existing Proposition 1B bond projects, with resultant "freed up" transportation funding capacity available for a more extensive future programming discussion. Similarly for TE funds, staff is recommending that the funding be used

to advance ready-to-go projects with future capacity available for new TE projects. The proposed prioritized list and projects are shown in Attachments A and B to this memo.

- 1. State Funding (Non-TE):** Consistent with information discussed during the circulation of the ARRA regional programming proposal, MTC staff is proposing to focus the ARRA State funds that will come to the region on ready-to-go Proposition 1B bond highway projects that have been stalled and unable to move to construction given the state budget impasse and credit market uncertainty. The action by MTC/BATA in January to buy almost \$200 million in state debt kept several projects in construction and allowed for the award of one new project in Sonoma County. The region needs an additional \$500 million to deliver all of the ready-to-go bond projects over the next six months. Caltrans has or will commit \$84 million in SHOPP funds if matched by regional ARRA funds to keep stalled SHOPP projects moving. The attached prioritized list includes a state request of roughly \$93 million for the Caldecott Tunnel project. With this state contribution, \$84 million in SHOPP funds, \$160 million in MTC state ARRA funding, and approximately \$12 million in local funding, the region could deliver the first six bond projects listed in Attachment A. This recommendation focuses on getting ready-to-go projects into construction and attempts to leverage the maximum in state funding to complement regional ARRA funding.
- 2. State TE Funding:** For the Transportation Enhancements (TE) program, staff is recommending that the \$9.7 million in funds be directed to TE-eligible projects that are ready-to-go now, with approximately 80% based on the STIP county share formula, and 20% directed on a regional basis, similar to the split for the Regional ARRA System Preservations funding. The additional capacity created by advancing ready-to-go projects that were expected to receive those funds could then be used to deliver additional enhancement projects later. Staff will work with the County Congestion Management Agencies (CMAs) and the stakeholders on the specifics and timing of this process. ABX3 20 imposes new requirements on these TE funds that will require special attention.
- 3. Ensure Regional Success in Project Delivery:** Although the ARRA requires only 50% of the federal highway funds to be obligated by July 2, 2009 and the remaining funds obligated by March 2, 2010, the State expects all funds, including TE, to be obligated by June 17, 2009. Current CTC policy requires award within 6 months of allocation. Assuming the state legislation passes, the region will have until July 2nd to obligate \$162 million in projects, including the first regional programming round, and until March 2nd for the remainder in order to not lose ARRA funding.
- 4. Future Bond Capacity Programming:** ABX3 20 specifies that any additional capacity created by freeing up Proposition 1B bond-funded programs, including the Corridor Mobility Investment Account (CMIA), would return to the region for reprogramming, once bond funds are made available again. MTC would initiate a subsequent programming cycle to identify projects to use these funds.

5. **Future TE Capacity Programming:** The capacity freed up by using ARRA TE to advance projects currently programmed STIP TE also will be used to deliver additional enhancement projects in a subsequent TE programming cycle, and will be directed back to the counties in accordance with their county share formulas to the extent possible.

Next Steps

Below are a number of key milestones for the implementation of the state element of the ARRA projects in the MTC region.

- **March 26:** Expected Assembly Action on the ABX3 20 (Bass)
- **April 8:** Programming and Allocations Committee review of the ARRA State Element proposal
- **April 22:** Commission approval of the ARRA State Element program
- **Summer 2009:** Follow-up programming actions for the Bond Funds and the Transportation Enhancement New Capacity



Steve Heminger

Attachment A
Non-TE State ARRA Funding Prioritization

(All numbers in millions)

| | Total Need | Funded SHOPP | Remaining Need | ARRA Regional | Requested State ARRA | Local | Total Funding | Shortfall |
|---|---------------------|--------------|----------------|---------------|----------------------|-------------|---------------|--------------|
| 1. SHOPP Projects With State SHOPP Commitment | | | | | | | | |
| SL | 29.5 | 29.5 | 0 | | | | 29.5 | 0 |
| AL | 14.5 | 14.5 | 0 | | | | 14.5 | 0 |
| | Totals: | 44 | 0 | 0 | 0 | 0 | 44 | 0 |
| 2. Regional Funds To Complement SHOPP Funding Commitment | | | | | | | | |
| AL | 45.1 | 14.2 | 30.9 | 30.9 | | | 45.1 | 0 |
| AL | 35.7 | 25.8 | 9.9 | 9.9 | | | 35.7 | 0 |
| | Totals: | 40 | 40.8 | 40.8 | 0 | 0 | 80.8 | 0 |
| 3. Leverage Additional State Funds; Ready-To-Go Projects | | | | | | | | |
| CC | 208.7 | | 208.7 | 103.9 | 92.7 | 12.1 | 208.7 | 0 |
| MR | 15.3 | | 15.3 | 15.3 | | | 15.3 | 0 |
| SN | 89.2 | | 89.2 | | | | 0 | 89.2 |
| AL | 39.5 | | 39.5 | | | | 0 | 39.5 |
| AL | 28.5 | | 28.5 | | | | 0 | 28.5 |
| | Totals: | 0 | 381.2 | 179.2 | 92.7 | 12.1 | 224 | 157.2 |
| | Grand Totals | 506.0 | 422.0 | 160.0 | 92.7 | 12.1 | 348.8 | 157.2 |

STP Suballocation Reconciliation

| | |
|-----------------------------|------------|
| Regional STP Available | 160.0 |
| RSTP Programming | 160.0 |
| Balance (Over) Under | 0.0 |

CMIA return to region 121.9
RTIP return to region 48.5

J:\PROJECT\Funding\ARRA\Programming\State Discretionary ARRA\STIP\Resolution 3896 Attachment B.xls\Res-3896 Att-A

**Attachment B
Transportation Enhancement State ARRA Funding Prioritization**

(All numbers in thousands)

| Project | Current Programming Need | | New Programming Need | Total Need | ARRA TE |
|--|--------------------------|----------|----------------------|--------------|--------------|
| | RTIP-TE | RTIP | | | |
| 1. Existing Ready-To-Go TE Projects Currently Programmed in the STIP-TE Program | | | | | |
| AL Oakland, 7th St / West Oakland TOD | 1,300 | | | 1,300 | 1,300 |
| CC Concord, Monument Blvd Pedestrian Imps | 1,000 | | | 1,000 | 1,000 |
| CC Martinez, Marina Vista Streetscape | 127 | | | 127 | 127 |
| SF DPT, Inner Sunset Traffic Calming / Trns Enh | 343 | | | 343 | 343 |
| SC Campbell, E Campbell Ave Dwrntwn Enhns | 1,200 | | | 1,200 | 1,200 |
| SL Vacaville, Jepsom Pkwy Gateway Enhns | 120 | | | 120 | 120 |
| SL Benicia, State Park Overcrossing of I-780 | 320 | | | 320 | 320 |
| SN Windsor, Old Redwood Hwy Ped Enhns | 270 | | | 270 | 270 |
| Totals: | 4,680 | 0 | 0 | 4,680 | 4,680 |
| 2. Other Ready-To-Go TE-eligible Projects in the STIP (Not Programmed in the STIP-TE) | | | | | |
| RG Marin US-101 HOV Gap Closure (Supplmtl) | | | 2,100 | 2,100 | 2,100 |
| Totals: | 0 | 0 | 2,100 | 2,100 | 2,100 |
| 3. Ready-To-Go TE-eligible Regional TLC Projects with Existing Funding | | | | | |
| RG Regional TLC Projects (in STP/CMAQ) | | | 2,931 | 2,931 | 2,931 |
| Totals: | 0 | 0 | 2,931 | 2,931 | 2,931 |
| Totals | 4,680 | 0 | 2,931 | 9,711 | 9,711 |

STP Suballocation Reconciliation

| | |
|-----------------------------|----------|
| Regional STP-TE Available | 9,711 |
| RSTP-TE Programming | 9,711 |
| Balance (Over) Under | 0 |

80/20 County/Regional Split Reconciliation

| County | ARRA TE Share | ARRA TE Program | Regional STP/CMAQ Distribution | 2010 STIP Credit | 2010 STIP+ STP/CMAQ Balance |
|---------------|---------------|-----------------|--------------------------------|------------------|-----------------------------|
| Regional | 2,100 | 2,100 | 0 | 0 | 0 |
| Alameda | 1,570 | 1,300 | 270 | 1,300 | 1,570 |
| Contra Costa | 1,017 | 1,127 | (110) | 1,127 | 1,017 |
| Marin | 297 | 0 | 297 | 0 | 297 |
| Napa | 184 | 0 | 184 | 0 | 184 |
| San Francisco | 803 | 343 | 460 | 343 | 803 |
| San Mateo | 833 | 0 | 833 | 0 | 833 |
| Santa Clara | 1,838 | 1,200 | 638 | 1,200 | 1,838 |
| Solano | 481 | 440 | 41 | 440 | 481 |
| Sonoma | 586 | 270 | 316 | 270 | 586 |
| Total | 9,711 | 6,780 | 2,931 | 4,680 | 7,611 |