

MEMORANDUM

TAB 22

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 16-17, 2023

From: STEVEN KECK, Chief Financial Officer

Reference Number: 3.6, Information Item – **YELLOW MEETING HANDOUT**

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Subject: **SUMMARY OF DEPARTMENTAL ACTIVITIES RELATED TO SAVING THE CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT FUNDING**

SUMMARY:

Outlined below is an update for the California Transportation Commission (Commission) regarding the status of the Coronavirus Response and Relief Supplemental Appropriations Act funding.

BACKGROUND:

On June 2, 2023, the Commission held a special meeting, pursuant to Government Code Section 11125.4 of the Bagley-Keene Open Meeting Act, to protect the public interest by allocating funds from the federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021, prior to the anticipated rescission of the funding, which took effect June 5, 2023. Two resolutions were approved at the emergency meeting to utilize unobligated federal COVID relief funds for Highway Infrastructure Programs appropriated in the CRRSAA of 2021, and that required the California Department of Transportation (Department) to report back at the August 2023 Commission meeting on all actions taken.

Resolution G-23-52, delegated authority to the Department to make programming changes to projects the Commission previously approved for funding under the CRRSAA, enabling the Department to obligate CRRSAA funding prior to any federal rescission resulting from The Fiscal Responsibility Act of 2023, House Resolution 3746.

Resolution G-23-54, delegated authority to the Department to obligate the remaining unobligated CRRSAA funds from the State Transportation Improvement Program (STIP) to eligible federal aid projects.

As of May 31, 2023, the total unobligated balance of CRRSAA funding for California was approximately \$295 million, according to reports from the federal system. At that point in time

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approximately \$85 million of local and state projects were already being processed for federal authorization and obligation of CRRSAA funds, resulting in a remaining balance of roughly \$215 million of funding that was available for local projects that remained unobligated, and at risk of being rescinded and lost to California. Given the short timeframe to obligate outstanding CRRSAA funds, over the span of two days during the week of May 29, 2023, the Department assisted all local agencies with outstanding balances to identify projects that had all prerequisite federal eligibility requirements met or could satisfy those prerequisite federal eligibility requirements within a short and immediate timeframe. As a result of those statewide efforts, approximately \$55 million was obligated onto local projects with the help and support from the Federal Highway Administration California Division. For the remaining balance, the primary challenge was that much of the remaining unobligated balance was required to be used within certain areas of the State (urban area use requirements). Over the span of the next two days, the Department worked feverishly to identify federally eligible projects that were within those respective geographic areas and was able to obligate all but \$5.2 million of the remaining CRRSAA funding. In total, the Department obligated \$160.7 million of CRRSAA funds onto State-Administered State Highway Operations and Protection Program (SHOPP) and STIP projects using the funds originally programmed for use by local agencies. Without immediate actions taken by the Department, \$160.7 million would have been lost to California.

The Department, in collaboration with Commission staff, analyzed the fiscal impacts taken by the Department and impacts to the STIP and determined the approximately \$112.3 million of CRRSAA STIP funding that was obligated onto State-Administered SHOPP and STIP projects would be backfilled with State funds (from the State Highway Account) using the funding that would have originally been used to those State-Administered on system SHOPP and STIP projects. This action to backfill these CRRSAA STIP funds will not have any impacts to any state funded projects, and will ensure there are no further delays for local agencies to deliver their programmed CRRSAA STIP projects.

The Department continues to analyze the fiscal details, project scopes, and financial impacts related to the \$48.4 million of CRRSAA Non-STIP funding that the Department obligated onto State-Administered SHOPP and STIP projects and will provide another update at the October 2023 Commission meeting regarding the potential backfill.

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