



Government Relations & Public Affairs Committee

March 26, 2009

State Legislation on American Recovery and Reinvestment Act Transportation Funding Distribution

Issue: What are the implications of the new legislation for SACOG?

Recommendation: None; this is for information only.

Discussion: The State Assembly and Senate have unanimously passed a new bill that revises state statute on how federal American Recovery & Reinvestment Act (ARRA) funds will be provided towards projects identified by the state and regions. The bill seeks to strike a balance among several goals: maximize federal funds through meeting all federal obligation deadlines; provide a significant spending boost to the State Highway and Operation Protection Program (SHOPP); provide a short-term cash flow loan to eligible Proposition 1B projects halted due to delayed bond sales; and geographic balance to ensure jobs and transportation improvements in all regions of the state.

The bill has three primary aspects to note:

1. It ensures that federal stimulus funds for transportation can be allocated within the tight timelines of the ARRA. Caltrans, the administration, and a coalition of local and regional governments agree that this new legislation will aid the state in meeting the federal ARRA deadlines.
2. It specifies expenditures of the funds. The new legislation provides the region an increase in the amount of ARRA funds available.
3. It provides favorable payback guarantees for regions providing funds to help move delayed State Proposition 1B projects. ARRA funds allocated to regions would also be available for federally-eligible Prop 1B projects with the locals "repaid" with the future Prop 1B dollars directed to other projects in the same region.

In addition to active involvement on the AB20xxx bill, staff also advocated for the region during a concurrent effort to identify ARRA funded SHOPP projects. The initial SHOPP project list included projects across the six county region except for Sacramento County. Through a successful collaboration with Caltrans District 3 and SACOG lobbyist, Jack Molodanoff, eligible projects were identified and shared with Assembly and Senate staff. On March 11, the California Transportation Commission (CTC) finalized a list that includes ARRA-funded SHOPP projects in each of the six SACOG counties. A total of \$81.8 million was allocated by the CTC.

Approved by:

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