

Metropolitan Transportation Commission Programming and Allocations Committee

July 11, 2018

Agenda Item 2c

Proposed Agreement with Calaveras Council of Governments for Exchange of Federal Apportionments

Subject: Authorize the Executive Director to sign a letter of understanding and enter into an agreement with the Calaveras Council of Governments (Calaveras COG) to exchange \$1.2 million in Surface Transportation Block Grant Program (STP) funds with an equal amount of Congestion Mitigation Air Quality Improvement Program (CMAQ) funds.

Background: In May, MTC staff received a request from the Calaveras COG to exchange roughly \$1.2 million in MTC's apportionment of STP funds with an equal amount of Calaveras COG's apportionment of CMAQ funds.

Assembly Bill 1012 (Chapter 783 of the Statutes of 1999) amended Sections 182.6 and 182.7 of the State Streets and Highways Code to include provisions for the timely use of regional apportionments of STP and CMAQ funds. This "use it or lose it" legislation includes the requirement that regional agencies must obligate their STP/CMAQ apportionments within three years of federal eligibility. Apportionment balances remaining after the third year are subject to reprogramming by the California Transportation Commission in the fourth year.

As of the latest apportionment status report released by Caltrans Local Assistance, Calaveras COG has a balance of \$80,453 in third year unobligated CMAQ apportionment that is subject to reprogramming by the CTC on November 1, 2018.

In order to avoid losing this apportionment balance to its region, Calaveras COG has requested to exchange \$1.2 million in its CMAQ apportionment with \$1.2 million in MTC's apportionment of STP. This is \$1,077,547 more than the \$80,453 subject to AB 1012 reprogramming to ensure Calaveras COG does not find itself in this situation again within the next few years.

This exchange would benefit Calaveras COG by avoiding the AB 1012 reprogramming of its CMAQ balance for the next few years, while having a negligible impact on MTC since MTC has numerous projects that are both CMAQ and STP eligible.

It is often difficult for smaller regions to fully utilize their federal funds and deliver projects through the federal-aid process. This exchange allows Calaveras COG to pool multiple years of federal funding and consolidate into a single federal STP project. MTC entered into a similar agreement with Tehama County in 2016.

Caltrans staff has confirmed this exchange is allowed per Caltrans' Apportionment/Obligation Authority Management Policy, and has provided the form of letter for such exchanges.

The effective date of the transfer of CMAQ apportionment from Calaveras COG to MTC is October 1, 2018. The effective date of the transfer of STP apportionment from MTC to Calaveras COG is October 1, 2019.

Issues:

Provision to Eliminate Risk

The CMAQ funds are subject to reprogramming by CTC on November 1, 2018, unless MTC and Calaveras COG execute a transfer agreement by that date. If the agreement is not executed in time, the exchange will not take place and MTC will retain its full STP apportionment balance.

Recommendation:

Refer to the Commission approval of authorization for the Executive Director or designee to sign a Letter of Understanding with the Calaveras Council of Governments to exchange \$1.2 million of STP funds for an equal amount of CMAQ funds.

Attachment:

Draft Letter of Understanding with Calaveras COG for Executive Director's signature.



CALAVERAS COUNCIL of GOVERNMENTS



METROPOLITAN
TRANSPORTATION
COMMISSION

July 25, 2018

Mr. Rihui Zhang, Chief
Division of Local Assistance
Caltrans
P.O. Box 942873
Sacramento, CA 94273-0001

RE: Letter of Understanding between the Calaveras Council of Governments and the Metropolitan Transportation Commission for federal apportionment exchange

Dear Mr. Zhang,

This letter constitutes our understanding of an exchange of Congestion Mitigation and Air Quality Improvement (CMAQ) apportionment for Surface Transportation Block Grant Program (STP) apportionment between the Calaveras Council of Governments (Calaveras COG) and the Metropolitan Transportation Commission (MTC).

Calaveras COG currently has a balance of CMAQ apportionment subject to reprogramming on November 1, 2018 under the Assembly Bill 1012 Timely Use of Funds provisions. To avoid the loss of this apportionment balance, Calaveras COG would like to exchange its CMAQ funds balance, as of October 1, 2018, for an equal amount of STP funds from MTC, to be transferred on October 1, 2019.

This letter is to formalize the exchange of up to \$1,158,000 in FFY 2018-19 and prior year CMAQ apportionment from Calaveras COG effective October 1, 2018, with an equivalent amount of any area, FFY 2019-20 STP apportionment from MTC effective October 1, 2019.

This exchange is contingent upon execution of this Letter of Understanding prior to November 1, 2018. Should the Letter of Understanding not be executed prior to November 1, 2018, or any other AB 1012 deadlines are not met that would result in the loss of apportionment, MTC shall retain its full STP apportionment balance and the Letter of Understanding is null and void.

This Letter of Understanding sets forth MTC's and Calaveras COG's intent for the use of the identified CMAQ and STP apportionment, and requests Caltrans adjust each region's apportionment balance as appropriate. This exchange would benefit Calaveras COG by preventing the region's loss of federal fund apportionments, while providing MTC with additional capacity to deliver CMAQ projects. We are relying on our understanding that this exchange is allowed per Caltrans' Obligation Authority Management Policy.

Mr. Ray Zhang

July 25, 2018

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This Letter of Understanding will be in effect for a one-time exchange of funds through October 1, 2019.

We appreciate this opportunity to exchange federal fund apportionment and support our transportation partners. If you have questions, please contact Amber Collins, Calaveras COG Executive Director at (209) 754-2094 or Ross McKeown, MTC's Assistant Director of Programming, at (415) 778-5242.

Sincerely,

Sincerely,

Amber Collins
Calaveras COG
Executive Director

Steve Heminger
MTC
Executive Director