

Metropolitan Transportation Commission Programming and Allocations Committee

October 12, 2016

Agenda Item 2f

Proposed Agreement with Tehama County Transportation Commission for Exchange of Federal Apportionments

Subject: Authorize the Executive Director to sign a letter of understanding and enter into an agreement with the Tehama County Transportation Commission (Tehama CTC) to exchange \$1,000,000 in Surface Transportation Block Grant Program (STP) funds with an equal amount of Congestion Mitigation Air Quality Improvement Program (CMAQ) funds.

Background: In September, MTC staff received a request from the Tehama CTC to exchange \$1,000,000 in MTC's apportionment of STP funds with an equal amount of Tehama CTC'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 published by Caltrans Local Assistance, Tehama CTC has a balance of \$435,617 in third year unobligated CMAQ apportionment that is subject to reprogramming by the CTC on November 1, 2016.

In order to avoid losing this apportionment balance to their region, Tehama CTC has requested to exchange \$1,000,000 in their CMAQ apportionment (\$564,383 more than the \$435,617 subject to AB 1012 reprogramming to ensure Tehama CTC does not find themselves in this situation next year) with \$1,000,000 in MTC's apportionment of STP.

This exchange would benefit Tehama CTC by avoiding the AB 1012 reprogramming of their CMAQ balance, while having a negligible impact on MTC since MTC has numerous projects that are both CMAQ and STP eligible. Caltrans staff has confirmed that this exchange is allowed per Caltrans' Apportionment/Obligation Authority Management Policy.

Issues: **Provision to Eliminate Risk**
The CMAQ funds are subject to reprogramming by CTC on November 1, 2016, unless MTC and Tehama CTC 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. Further, the agreement will be conditioned upon meeting all AB 1012 deadlines to ensure no apportionment is lost.

Additional CMAQ Funds Easily Absorbed

MTC can readily absorb the additional \$1,000,000 CMAQ funds on projects already in the queue for immediate obligation (including the regional priority BART Car Replacement project). In addition, the exchange of the equal amount of STP funds will not limit MTC's ability to deliver future projects, given the relatively small size of the exchange and the region's track record for obligating regional apportionments of both STP and CMAQ in a timely manner.

Recommendation: Refer to the Commission recommendations to authorize the Executive Director to sign a Letter of Understanding with the Tehama County Transportation Commission (TCTC) to exchange an equal amount of STP funds with CMAQ funds.

Attachments: Draft Letter of Understanding with TCTC for Executive Director's signature.

Attachment 1



METROPOLITAN
TRANSPORTATION
COMMISSION

October 27, 2016

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

RE: Letter of Understanding between the Tehama County Transportation Commission and the Metropolitan Transportation Commission for Federal Apportionment Exchange

Dear Mr. Zhang,

This letter constitutes our understanding of an exchange in Congestion Mitigation and Air Quality Improvement (CMAQ) apportionments for Surface Transportation Block Grant Program (STP) apportionments between the Tehama County Transportation Commission (TCTC) and the Metropolitan Transportation Commission (MTC).

The TCTC has a balance of CMAQ apportionments subject to reprogramming on November 1, 2016 under the Assembly Bill 1012 Timely Use of Funds provisions. To avoid the loss of this apportionment balance to their region, TCTC would like to exchange a portion of its balance in CMAQ funds for an equal amount of STP funds from MTC.

This letter is to formalize the exchange of \$1,000,000 in prior year CMAQ apportionments from TCTC with an equivalent amount of any area, prior year STP apportionments from MTC.

This exchange is contingent upon execution of this Letter of Understanding prior to November 1, 2016. Should the Letter of Understanding not be executed prior to November 1, 2016, or any other AB 1012 deadlines are not met resulting in loss of apportionment, MTC shall retain its full STP apportionment balance and the Letter of Understanding is null and void.

Mr. Ray Zhang
October 27, 2016
Page 2

This Letter of Understanding sets forth MTC's and TCTC's intent for the use of the identified CMAQ and STP apportionment, and requests for Caltrans to adjust each region's apportionments as appropriate. This exchange would benefit TCTC 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.

This Letter of Understanding will be in effect for a one-time exchange of funds through November 1, 2016, only.

We appreciate this opportunity to exchange federal fund apportionment and support our transportation partners. If you have questions, please contact Barbara O'Keeffe, TCTC's Deputy Director, Transportation, at (530) 385-1462 or Ross McKeown, MTC's Programming and Funding Manager, at (415) 778-5242.

Sincerely,

Sincerely,

Gary Antone
TCTC
Executive Director

Steve Heminger
MTC
Executive Director

SH:ma

cc: Barbara O'Keeffe, TCTC
Ross McKeown, MTC