



## *Memorandum*

TO: Joint MTC Legislation Committee and  
ABAG Legislation Committee

DATE: February 1, 2019

FR: Executive Director

RE: SB 137 (Dodd): Federal Transportation Funds: State Exchange Programs

### **Background**

Senate Bill 137 would authorize the Department of Transportation (Caltrans) to allow certain federal local assistance funds, specifically Surface Transportation Program and Highway Safety Improvement Program funds, to be exchanged for state Road Maintenance and Rehabilitation Account (established by SB 1 (Beall, 2017)) funds appropriated to the department, subject to specified conditions. The intent of the bill is to accelerate the delivery of local projects and reduce overall projects associated with federal funds by allowing local agencies to use state revenue on smaller local projects that are not otherwise subject to the more cumbersome and time-consuming federal requirements.

### **Recommendation: Support and Seek Amendments**

#### **Discussion**

Federal transportation funds come with numerous paperwork and approval requirements that don't apply to state funding. Such requirements can add months, if not years, to the project delivery process. While state law has long offered rural areas the option to swap federal funds for state-only funds (primarily gas tax-funded), this option is not currently available to large metropolitan areas like the Bay Area. The infusion of \$5 billion in new state funding from SB 1 provides a great opportunity to accelerate the delivery of smaller projects that do not depend on federal funds for their full funding plan and that have no federal permit or environmental review requirements.

SB 137 is a great start, but is currently limited to two federal funding sources, Highway Safety Improvement Program and Surface Transportation Program funds. Staff recommends MTC/ABAG seek friendly amendments to the bill that would broaden its scope so that all federal funds can be exchanged for Road Maintenance and Rehabilitation Account funds, to the extent Caltrans has other projects in the pipeline that can use the funds. As staff is still analyzing the proposal in consultation with our local and regional partners, we seek general authorization to pursue additional technical amendments to maximize the benefits of the bill.

#### **Bill Positions**

**Support:** California State Association of Counties (Sponsor)

**Oppose:** None on file

A handwritten signature in blue ink, appearing to read 'Steve Heminger', is written over a horizontal line.

Steve Heminger

SH:rl

J:\COMMITTEE\Legislation\Meeting Packets\Legis2019\02\_LEGIS\_Feb 2019\7c\_SB 137 (Dodd) Federal Exchange.docx