

Metropolitan Transportation Commission Programming and Allocations Committee

January 13, 2021

Agenda Item 3c - 21-0152

FY 2020-21 Appropriations/COVID-19 Relief Federal Highway Funding

Subject: Information on the COVID-19 federal relief package and fiscal year (FY) 2021 appropriations pertaining to Federal Highway Administration (FHWA) programs.

Background: On December 27th, the President signed the Consolidated Appropriations Act, 2021, which includes a combined \$2.3 trillion COVID relief package and consolidated appropriations for FY 2021 for numerous federal agencies. Information on funding that will be made available for public transportation is provided in this meeting's agenda item 4a.

The FY 2021 appropriations portion of the Act include the continuation of funding for four key FHWA programs of particular interest to MTC:

- **Surface Transportation Block Grant Program/Congestion Mitigation Air Quality Improvement Program (STP/CMAQ):** Funding authorizations for STP/CMAQ are included at the same level as FY 2020, the final year of the now-expired FAST Act. The Bay Area's share of STP/CMAQ funding, roughly \$170 million per year, is distributed through the One Bay Area Grant (OBAG 2) program.
- **Annual Federal Highway Infrastructure Program (FHIP):** For the fourth consecutive year, the appropriations bill includes transportation funding above and beyond FAST Act levels.
 - For FY 2021, \$640 million in FHIP is provided within the appropriations portion of the bill. The Bay Area's share of the FY 2021 FHIP (estimated to be approximately \$6 million) will be programmed through future Commission action.
 - An additional \$1.1 billion for a bridge rehabilitation and replacement formula program. While California's share of this program is anticipated to be limited, these funds could help many local bridges that are currently stalled and unable to move forward due to a lack of funding in the statewide local Highway Bridge Program.

Agenda Item 3d describes the proposed approach to distribute \$52.9 million in STP/CMAQ fund balances freed-up by the previous programming of FY 2018-2020 FHIP apportionments. Staff will return to the Commission at a future date with a programming recommendation for the additional FY 2021 FHIP apportionment.


- **BUILD Grants:** \$1 billion is provided in FY 2021 for the discretionary program currently referred to as the BUILD grant program during the Trump Administration. The Bay Area has performed poorly under this program over the last four years, in part due to a large share of funds being allocated to rural areas. While the FY 2021 iteration of the program requires 50% of the funds to be awarded in rural areas, the program has broad multimodal eligibility and offers an opportunity to fund key transit capital shortfalls. The program sets an award floor of \$5 million for capital projects in urban areas, a cap of \$25 million, and limits states to receiving no more than 10% of the funds.

In addition to annual appropriations for FHWA programs, the COVID-relief portion of the Act also includes \$10 billion for Highway Infrastructure Programs. Highlights of the supplemental funding include:

- The vast majority of these funds (\$9.8 billion) will be highly flexible and allowed to be used for projects typically eligible for the STP program, as well as for routine maintenance, administration, and backfilling for lost toll or other revenues.
- Most of the funding coming to California from the COVID relief program will be distributed to Caltrans by formula, although a portion will also be suballocated.
- Staff is analyzing the legislation to determine how much of this supplemental highway funding will come to MTC for programming and anticipates receiving final program numbers and additional details from Caltrans in the coming weeks.

Issues: None

Recommendation: Information Only


Therese W. McMillan