



**DATE:** NOVEMBER 15, 2018

**MEMO TO:** TRANSPORTATION TECHNICAL ADVISORY COMMITTEE

**FROM:** PETER DE HAAN, PROGRAMMING DIRECTOR

**SUBJECT:** STP LOAN TO SAN BERNARDINO COUNTY TRANSPORTATION

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**RECOMMENDATION:**

- Approve loan of Regional Surface Transportation Program (STP) apportionment to the San Bernardino County Transportation Authority (SBCTA) of an amount equal to the FY 2018/19 Ventura County apportionment estimated to be \$11 million, plus \$3 million, with the repayment to occur in FY 2021/22, the earliest that it is expected to be needed for Route 101 final design.

**BACKGROUND:**

Under federal law, Surface Transportation Block Grant (STBG) funds apportioned to California lapse if they are not used within three years. By state law, California distributes a part of its STBG apportionment to counties under the Regional Surface Transportation Program (STP). State law also applies the three-year lapsing rule to the STP apportionments of each county.

VCTC's policy is that the Route 101 improvement early action items project is the priority for STP funds as well as State Transportation Improvement Program (STIP) funds. The STP fund balance must therefore be carefully managed, to build up a large amount of funds that can be used when needed by the project, while at the same time avoiding a lapse of funds. The common practice that is used by a county wishing to build up a STP balance is to provide loans to other counties that are ready to use the funds, so it has been anticipated that VCTC will need to participate in such loans.

Two years ago VCTC loaned \$6 million to the San Joaquin Council of Governments, out of which \$3 million has been repaid per the agreed-upon schedule, and the remaining \$3 million is to be repaid this month. In its approval of the San Joaquin loan, TTAC requested staff to return with a

long-term schedule of STP expenditures to help plan for when lapsing funds would become an issue. This analysis was provided in September 2017.

Shortly after the September TTAC discussion staff informed the other counties in the SCAG region of VCTC's interest in loaning STP funds over the next several years, and the Orange County Transportation Authority (OCTA) indicated that it would likely have a need for a loan later in the fiscal year. VCTC approved a loan of \$21.5 million, with a repayment date of FY 2021/22, the earliest date that funds are expected to be required for construction of the Route 101 project. It was noted that based on the projected future STP balances another \$12.4 million would need to be loaned in the future. However, due to a higher than anticipated FY 2017/18 apportionment the amount required to be loaned has increased to \$15.0 million.

VCTC staff has learned that the San Bernardino County Transportation Authority has a project to obligate in the next few months and is planning to use its county transportation sales tax funds to advance future federal apportionments. SBCTA can utilize a loan of approximately \$14 million in STP to avoid having to use its sales tax. This amount is in addition to the \$2 million loan of CMAQ for the same project which is also recommended for loan.

## **DISCUSSION**

Attachment A is an update of the analysis of future STP expenditures and balances that was first presented to TTAC in September. Attachment B provides a revised schedule showing the effect of the proposed loan to SBCTA. Staff is recommending that the loan to San Bernardino County consist of (1) the amount of the 18/19 apportionment, plus (2) the \$3 million loan repayment from San Joaquin County. With this loan, the estimated requirements for additional loans through FY 2021/22 is reduced to only \$1 million. Since the earliest the Route 101 project is anticipated to obligate more funds is FY 2021/22, when PS&E commences, the repayment from OCTA is recommended to be scheduled for that year.

The only risk to VCTC would be that in the event of a severe federal cutback the SBCTA's apportionments would be cut and then the repayment from SBCTA could be delayed. It is of course difficult to predict what federal changes could occur between now and 2022. However, since SBCTA's apportionment is approximately \$25 million per year the cutback would have to be extremely large to prevent OCTA from repaying \$14 million to VCTC.