

ATTACHMENT - 2

Pat Dellin

From: Linda Wilshusen
Sent: Friday, May 14, 2004 6:02 PM
To: Pat Dellin; Rachel Moriconi
Subject: FW: Governor's May Revise

STATE BUDGET - MAY REVISE

On Thursday, May 13th, Governor Schwarzenegger released his May Revised Budget. Major revisions affecting transportation and other issues of interest to COGs are summarized below.

The Governor's May Revised Budget contains incredibly good news for local governments - already reported in newspapers this week and even stronger news for transportation, which had not previously been disclosed.

Simply put, it appears as though transportation is going to get back all of the funding that had been proposed to be transferred to the General Fund, as well as accelerated repayments of loans from previous years.

The specific language of budget adjustments, appear on pgs. 75-78 of the Governor's Budget May Revision. (previously sent) The entire text is available at www.dof.ca.gov.

Key provisions include the following:

- Proposition 42 is no longer proposed to be suspended, but instead will represent a loan with required pay back starting in 2007-08, structured in a form that allows these funds to be programmed in the 2004 STIP.
- Accelerated repayment of at least \$383 million due to the State Highway Account in 05-06, to pay that in 04-05, and additional accelerated payments in 2004-05 depending upon the amount of revenues the state is able to realize from currently ongoing negotiations with Indian gaming operations.

Depending upon the extensiveness of these funds, administration officials indicated (in response to questions from cities and counties in a budget briefing) that they would support having some of these funds allocated to other Proposition 42 purposes, such as local streets and roads.

- The Transportation Congestion Relief Program is restored.

Funding of \$163 million in funding for projects with existing allocations is provided. The CTC is authorized to allocate funds for additional projects based upon a review of each project in conjunction with the Business Transportation & Housing Agency focusing on the following criteria:

1. Economic Impact, including job creation.

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2. Impact on goods movement.
3. Leveraging of local, federal and private funds.

This process is undoubtedly going to require considerable additional discussion, which we hope will begin at the May 24th Regional Coordination Committee Meeting and will probably involve a special CTC workshop, assuming it is part of the budget ultimately adopted by the Legislature and Governor.

- Elimination of midyear budget proposals to transfer funds directly and indirectly out of transportation based upon a one-time influx of a previously assumed \$800 million in changing from accrual to cash for local obligation authority projects.

The May revise includes a downward revision of the funds available for this from \$800 million to \$200 million and retains all such funds in transportation.

- GARVEE Program - the May Revise proposes to eliminate the cap on the amount of GARVEE's that can be allocated in 2004-05.
- Project delivery workload and staff position restoration - Several hundred positions are being added for project delivery, as well as 89 positions for operations and maintenance.
- The budget proposal also provides authority to add funding based upon potential receipt of additional federal funds.

All CALCOG member agencies should be expressing appreciation to Governor Schwarzenegger; Secretary of Business Transportation & Housing Agency, Sunne McPeak; Assistant Secretary, John Ferrera; Caltrans Director, Tony Harris; and others who were, obviously, very successful in conveying our concerns about the Governor's January Budget regarding transportation and successfully accomplishing a complete reversal of administration policy.

Source: California Association of Councils of
Government (CALCOG)