

Memorandum

From: ROBERT PETERSON
CHIEF
OFFICE OF FEDERAL PROGRAMS
DIVISION OF LOCAL ASSISTANCE

JULY 23, 2021

Subject: **TOLL CREDITS USAGE AND APPLICATION FOR THE SECTION 130 PROGRAM**

Section 1111(c) of the Transportation Equity Act for the 21st Century (TEA21), and 23 U.S.C., Section 1044 of ISTEA under Section 120(j) allows states to use certain toll revenue expenditures as a credit toward the non-federal matching share of programs authorized by Title 23 (except for the emergency relief programs) and for transit programs authorized by Chapter 53 of Title 49.

Between 2010-2012, the State of California came to an agreement with FHWA for the application of about \$4.2 B in toll credits and they have been used for a number of years as a match source for; RTPAs as a federal match, to the Highway Bridge Program Projects for off federal-aid system projects, the Federal Lands Access Program (FLAP), FTA transit grants, various planning grants and the Sec 130 Railroad-Highway Grade Crossing Hazards Elimination Program.

Toll credits are a Section 130 program tool used by Caltrans with their benefits provided throughout the state, since projects are identified and proposed by the California Public Utilities Commission (CPUC) based on the CPUC's evolution of past incidents and the potential for safety improvement and hazard elimination for identified locations.

Toll credits support local agencies by covering the match requirement, the program is funded with a 90% Federal contribution and 10% non-federal matching requirement. Caltrans complies with the Federal 90/10 requirement by funding 90% of the project with Federal funds and the 10% match requirement with existing Toll Credits, thereby providing the opportunity for both the Railroad and Local Agency 100% reimbursement of all eligible project expenses.

However, relying on toll credits is a risk that local agencies need to be aware of; should toll credits run out, the local agencies would be required to cover the non-federal match for any additional obligations needed to complete construction.

Caltrans is committed to the continued application of toll credits as a matching fund source for Section 130 obligations. As of June 2021, Caltrans Division of Budgets estimates that Toll credits may last for the next 7 to 8 year. Be assured that Caltrans will actively monitor the usage of toll credits the Section 130 program will strive to use them as long as they are available. Additionally, Caltrans Financial Programming has reassured me of their commitment to undertake the task renewing toll credits with the USDOT/FHWA at an appropriate time in the future to ensure continued availability.