

State of California
Business, Transportation & Housing Agency
Department of Transportation

POLICY MATTERS
Presentation of Draft STIP Fund Estimate
for 2002 STIP

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Action Item
CTC Meeting: July 11-12, 2001

Agenda Item: 4.2c

Original Signed By _____

W.J. EVANS
Chief Financial Officer
July 1, 2001

DRAFT 2002 FUND ESTIMATE

BACKGROUND

Section 14524 and 14525 for the Government Code require the Department to develop and the California Transportation Commission (Commission) to adopt a Fund Estimate in each odd-numbered year to provide an annual estimate of all Federal and State funds reasonably expected to be available for programming in each year included in the subsequent State Transportation Improvement Program (STIP). As required, the Department will present a proposed FE by July 15 and the Commission is expected to adopt a FE by August 15 of each odd numbered year. Following the adoption of the FE, the Commission is required to adopt a STIP by April.

<u>Date(s)</u>	<u>Milestone</u>
July 11-12, 2001	Submit Draft 2002 STIP Fund Estimate to Commission
August 22-23, 2001	Commission adoption of 2002 STIP Fund Estimate

DISCUSSION

The Draft 2002 STIP Fund Estimate will be presented for discussion at the meeting.

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Agenda Item: 4.2c - UPDATE

PROPOSED 2002 FUND ESTIMATE

Attached is the Proposed 2002 State Transportation Improvement Program (STIP) Fund Estimate that the California Department of Transportation (Department) will be presenting to the California Transportation Commission (Commission) on July 12, 2001. The purpose of the Fund Estimate is to provide an estimate in annual increments of all Federal and State funds reasonably expected to be available for programming in the 2002 STIP.

The Department is required by statute to develop a STIP Fund Estimate and to present the Fund Estimate to the Commission by July 15 of each odd-numbered year. The Commission is required to adopt a Fund Estimate by August 15 of each odd-numbered year. If the Commission finds that pending State or Federal legislation may have a significant impact on the fund estimate, the Commission may delay adoption for the Fund Estimate for no more than 90 days.

The 2002 Fund Estimate covers a five-year period from 2002-03 through 2006-07, with an additional two years detailed for the Advanced Project Development Element. The Fund Estimate forecasts over \$3 billion in programming capacity over the five year period for the CTC to program in the 2002 STIP.

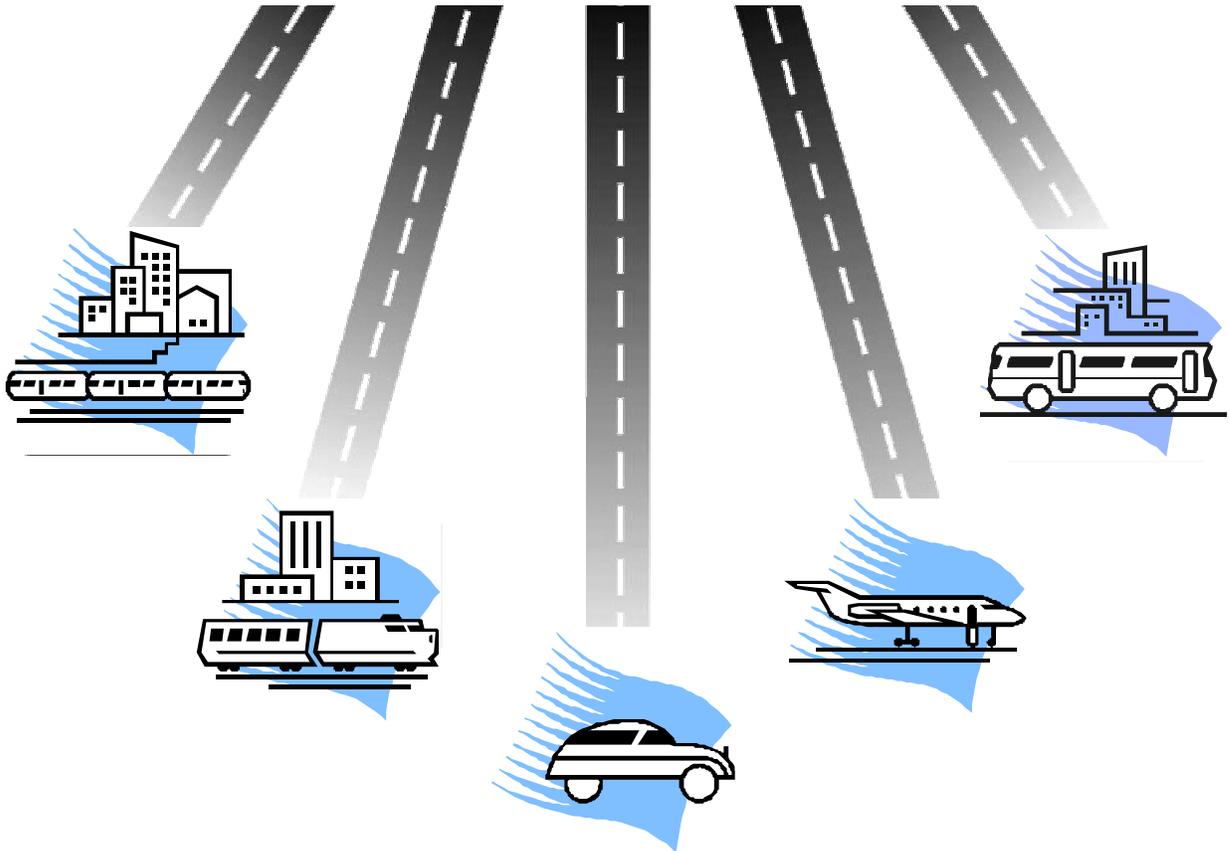
The Proposed Fund Estimate is based on the 2001-02 Budget Bill (Senate Bill 75) and the latest information we have regarding budget deliberations in the Legislature. The Fund Estimate also assumes the passage of Assembly Bill 438. AB 438 is a proposed trailer bill to the 2001 Budget Bill, which will implement the Transportation Refinancing Plan. The Fund Estimate presented to the CTC for adoption will be updated to include any adjustments necessary to reflect the enacted Budget.



**PROPOSED
2002 STATE TRANSPORTATION
IMPROVEMENT PROGRAM
FUND ESTIMATE**

DRAFT

July 11-12, 2001



**Prepared by
Department of Transportation
Business, Transportation and Housing Agency**



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EXECUTIVE SUMMARY

The California Department of Transportation (Department) manages the nation's largest and most complex multi-modal transportation system. Administration of such a system requires extensive planning and long-term financial forecasts. The State Transportation Improvement Program (STIP) Fund Estimate (FE) is an estimate of all the resources available at the state level for the State's transportation infrastructure over a specified period of time.

Statutes require the Department to present a FE to the California Transportation Commission (CTC) by July 15, and the CTC to adopt a FE by August 15 of each odd-numbered year. Each even-numbered year, the CTC is required to adopt a STIP based on funding identified in the adopted FE. The 2002 FE covers a five-year period from 2002-03 through 2006-07, with an additional two years detailed for the Advanced Project Development Element (APDE). The FE provides an estimate in annual increments of all Federal and State funds reasonably expected to be available for programming in the subsequent STIP.

The 2002 Fund Estimate forecasts an additional \$3.25 billion in capacity for the CTC to program for the State's transportation system over the next five years. The total funds available for new programming breaks down as follows: \$2.54 billion from the State Highway Account (SHA), \$210 million from the Public Transportation Account (PTA), \$502 million from the Traffic Improvement Fund (TIF), and \$23 million from the Aeronautics Account.

Total resources identified for the SHA 2002 FE are approximately \$30 billion. These revenues are generated primarily from Federal and State taxes on gasoline and diesel fuel and State weight fees. The SHA is the prime funding source for California's Highway Transportation System and pays for the operations of the Department, capacity improvements, rehabilitation, safety, and traffic operations on both Local and State Highway Systems. The SHA also funds Article XIX eligible projects, such as urban, commuter, and intercity rail and capital improvements.

The FE identifies resources for the PTA totaling over \$2.4 billion through the five-year period. Revenues in the account are derived from the State sales tax on gasoline and diesel fuel. The PTA funds the State Transit Assistance Program, supports the costs for the Department's Mass Transportation and Rail programs and provides funding for the State's Inter-city Rail services operated by Amtrak.

Resources for the TIF are estimated at \$900 million over the five-year period. The TIF is a new fund created by the Traffic Congestion Relief Act of 2000. The source of funds for the TIF is General Fund transfers derived from State sales tax on gasoline and diesel fuel. This fund commits major resources to 141 designated transportation projects that relieve traffic congestion, to the repair and maintenance of local streets and roads, to the PTA, and for programming in the STIP.

The fund estimate for the Aeronautics Account identifies a total of \$52 million in resources, primarily from State excise taxes on aviation gasoline and jet fuel. The Aeronautics account provides grants to local agencies, supports the acquisition and development of new airports, and

contributes matching funds to Federal monies given directly to local agencies through the Airport Improvement Program.

INTRODUCTION

The California Department of Transportation (Department) is required by Government Code Sections 14524 and 14525 to develop a State Transportation Improvement Program (STIP) Fund Estimate (FE). The purpose of the estimate is to provide an estimate in annual increments of all Federal and State funds reasonably expected to be available for programming in the subsequent STIP.

The Department is required to present a FE to the California Transportation Commission (CTC) by July 15, and the CTC to adopt a FE by August 15 of each odd-numbered year. Each even number year, the CTC is required to adopt a STIP based on funding identified in the adopted FE.

The CTC may delay adoption of, or amend the FE if it finds that pending State or Federal legislation may have a significant impact on the fund estimate, as was the case for the 1998 and 2000 FE. In the event the FE is amended, the CTC is required to extend the dates for Regional Improvement Plan (RIP) and Interregional Improvement Plan (IIP) submittals and adoption of the STIP.

The previous fund estimate, the revised 2000 FE, was a four-year estimate that covered 2000-01 through 2003-04, with an additional two years for APDE. Adoption of this estimate was not finalized until July 2000 in response to the passage of Assembly Bill (AB) 1012, Chapter 783, statutes of 1999, and AB 2928, Chapter 91, Statutes of 2000.

AB 1012 added the APDE to the Fund Estimate, which provides funding for environmental, preliminary and final engineering, right of way engineering and associated project development activities for projects eligible for inclusion in the STIP.

AB 2928 created the Governor's Traffic Congestion Relief Plan (TCRP) and dedicated additional gasoline sales tax revenues and General Fund resources to transportation projects. AB 2928 also changed the Fund Estimate from a four-year to a five-year estimate, beginning with the 2002 FE.

Economy

Although California's economy remains strong, the rate of economic growth has slowed, and the stock market has experienced steep declines. Accordingly, anticipated tax revenues, particularly from capital gains and stock options, have been significantly reduced. Consistent with this drop in revenues, the Administration proposed a plan to provide relief to the General Fund and at the same time protect the investment in transportation. As a result the Transportation Refinancing Plan was proposed in the May Revise to the 2001-02 Governor's Budget, providing \$2.5 billion in General Fund relief.

Transportation Refinancing Plan

When the transportation funding plan for the Governor's Traffic Congestion Relief Program (TCRP) was enacted last year (AB 2928), the strong condition of the General Fund allowed a

substantial initial deposit of \$2 billion toward a six-year, \$6.9 billion plan, which included \$5.3 billion of designated high-priority congestion relief projects. Beginning with 2001-02, the next five years of the plan were to be funded with a transfer of the sales tax on gasoline from the General Fund to the TIF.

Because transfers to the TCRP will exceed project expenditures in the next few years, the Administration proposed to defer the sales tax diversion to the TIF for two years and keep the plan whole by adding two additional years of transfers of the sales tax on gasoline at the end of the plan (2006-07 and 2007-08). No transportation projects should be delayed by this shift. This two-year deferral is estimated at \$1.062 billion in 2001-02 and \$1.177 billion in 2002-03.

Methodology

The methodology used for the FE is determined by the CTC in consultation with the Department, Regional Transportation Planning Agencies (RTPA), and county transportation commissions. The CTC approved the assumptions utilized to build the FE at its June 2001 meeting.

Since the 1996 FE, the CTC has directed the Department to base the SHA FE on a “Cash Flow Allocation Basis” model. This methodology schedules funding capacity based upon cash flow requirements and is reflective of the method used to manage the allocation of capital projects. The “Cash Flow Allocation Basis” is continued for the 2002 SHA FE. Other fund estimates are on a modified accrual basis

Statutes require the FE to be based on current statutes for estimating revenues and the most recent enacted Budget Act adjusted for the annual inflation rate. Revenue estimates are developed based on historical trends, the economic outlook, and in consultation with the California Department of Finance (DOF). State Operations costs are escalated at the rate established by DOF, which is 2.7 percent for the 2002 FE. The escalation rate for capital projects is based on the historical California Highway Construction Cost Index (CHCCI) rate of 3.4 percent. Expenditure estimates were developed by working with the various Department Divisions.

The SHA methodology continues to reflect the use of Advanced Construction (AC) through the 2002 STIP period. This enables the smoothing of project scheduling by using State resources to fund projects in advance of receiving Federal funds.

The 2002 SHA FE contains the same level of “Contingency for Delivery Shortfall” that was approved in the 2000 FE. This represents the Federal resources that will be available assuming that local project delivery is less than 100 percent. Beginning in 2004-05, the FE assumes local delivery will reach 100 percent of the funds available each year.

The FE is required to identify funds available for programming by county. The level of programming by county is driven by the county share system established by Senate Bill (SB) 45 (Chapter 622, Statutes of 1997).

Current Law Assumed

While several pending legislative bills could positively or negatively influence account(s) included in the 2002 FE, only the passage of the Budget Bill (SB 75) and AB 438 are assumed. AB 438 is a proposed trailer bill to the 2001 Budget Bill, which will implement the Transportation Refinancing Plan. The FE presented to the CTC for adoption will be updated to include any adjustments necessary to reflect the enacted Budget. Other bills that could impact the FE are listed in Appendix B.

County Shares

The fund estimate is required by law to include County Share estimates. Of the funds available for the STIP, 75 percent are committed to the RIP and 25 percent to the IIP. The county share estimates for the Advance Project Development Element (APDE) of AB 1012 are also available for RIP and IIP projects.

Federal Transportation Act Impacts

Federal resources are generated primarily from the Federal tax on gasoline and diesel fuel, which is reflected in the Obligational Authority (OA) level expected under the Transportation Equity Act for the 21st Century (TEA-21).

The fund estimate assumes that OA for California will be 90.5 percent of the Federal funds apportioned to California during the fund estimate period.

The funding level for the Federal Aid Highway Program is adjusted annually to reflect revised revenue receipt estimates for the Federal Highway Trust Fund. This adjustment, called the Revenue Aligned Budget Authority (RABA), authorized an estimated additional OA amount of about \$565.5 million over the FE period.

TEA-21 will expire September 30, 2003. While the outcome of the new Act cannot be predicted, the last two federal acts have increased total apportionments by more than 50 percent each. Based on this, it is reasonable to assume a 20 percent increase in apportionments in the first year of the new federal act. Apportionments beyond the first year of the Act are projected to increase by 2 percent per year, consistent with previous Fund Estimates.

STATE HIGHWAY ACCOUNT (SHA)

The State Highway Account is the main funding source for California's Highway Transportation program. The principle sources of funds are the excise taxes on motor vehicle fuels, truck weight fees, and Federal Highway Trust Funds. This program commits major resources for improving highway safety, improving the interregional road system, and ensuring the efficient operation of the State Highway System.

Resources Available for Programming

The table below summarizes the funds available for additional programming in the SHA. Further details of the resources, expenditures and funds available for programming are presented in the following pages and in Appendix A.

State Highway Account							
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Funds Available For Programming (\$ in millions)	\$276	\$136	\$130	\$38	\$496	\$1,460	\$2,536

Highlights

- The cash balance on July 1, 2001 was \$1,496 million.
- Transfers \$137.6 million from the SHA to the PTA over the FE period pursuant to Streets and Highways Code Section 194.
- Transfers \$233.4 million in non-Article XIX revenues from SHA to the PTA over the FE period pursuant to AB 2928 (Chapter 91, Statutes of 2000).
- The SHA will fund \$534 million for local road rehabilitation and support costs for the Traffic Congestion Relief Projects for the next two years. The funding will be reimbursed to the SHA in 2006-2007.
- Federal revenues assume an increase of two percent annually during the TEA 21 period and increase 20 percent in apportionment in the first year of the new federal act. Thereafter, apportionments are projected to increase by two percent per year.
- The Revenue Aligned Budget Authority (RABA) authorizes approximately \$565.5 million in additional OA over the FE period.
- The Department's goal is to maintain a Federal Advanced Construction (AC) level of \$1.2 billion.
- The Advanced Project Development Element (APDE) provides approximately \$698 million, \$523.5 million for RIP and \$174.5 million for IIP.

STATE HIGHWAY AND FEDERAL TRUST FUND ACCOUNTS

2002 PROPOSED
STIP FUND ESTIMATE

(\$ millions)

**2002 FE
DRAFT**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	FE Total	2007-08	2008-09	AB1012 Total
RESOURCES										
Fuel Taxes	\$1,977	\$2,080	\$2,128	\$2,176	\$2,223	\$2,271	\$10,877	\$2,317	\$2,361	\$4,678
Motor Vehicle Registration (Weight Fees)	793	838	872	906	939	973	4,528	1,007	1,041	2,048
Revenues/Transfers	663	461	(39)	(58)	(79)	491	777	(51)	(97)	(148)
STATE REVENUES	\$3,433	\$3,379	\$2,961	\$3,024	\$3,083	\$3,736	\$16,182	\$3,273	\$3,305	\$6,578
FEDERAL RESOURCES	2,277	2,336	2,775	2,821	2,869	2,917	13,717	2,968	3,020	5,989
TOTAL RESOURCES	\$5,710	\$5,715	\$5,736	\$5,844	\$5,951	\$6,653	\$29,899	\$6,242	\$6,325	\$12,567
STATE OPERATIONS	(\$1,447)	(\$1,463)	(\$1,553)	(\$1,595)	(\$1,638)	(\$1,682)	(\$7,931)	(\$1,727)	(\$1,774)	(\$3,502)
SHOPP										
SHOPP/TEA	(\$934)	(\$892)	(\$874)	(\$901)	(\$974)	(\$1,036)	(\$4,677)	(\$1,061)	(\$1,074)	(\$2,135)
Stormwater	(16)	(40)	(50)	(59)	(67)	(74)	(291)	(67)	(48)	(115)
Facilities - Office Buildings	(191)	(24)	(2)	(3)	(49)	(24)	(101)	0	0	0
Minor Program	(91)	(92)	(92)	(92)	(92)	(92)	(458)	(92)	(92)	(183)
Capital Outlay Support	(350)	(353)	(351)	(362)	(360)	(364)	(1,790)	(357)	(357)	(715)
TOTAL SHOPP	(\$1,581)	(\$1,401)	(\$1,368)	(\$1,417)	(\$1,541)	(\$1,590)	(\$7,317)	(\$1,577)	(\$1,572)	(\$3,148)
LOCAL ASSISTANCE										
Local Assistance/TEA	(\$821)	(\$878)	(\$919)	(\$984)	(\$1,047)	(\$1,106)	(\$4,934)	(\$1,115)	(\$1,173)	(\$2,288)
State Local Partnership	(17)	(12)	(5)	0	0	0	(17)	0	0	0
Retrofit Sound Walls	(55)	(134)	(31)	0	0	0	(165)	0	0	0
EEM	(10)	(10)	(10)	(10)	(10)	(10)	(50)	(10)	(10)	(20)
Capital Outlay Support	(67)	(67)	(69)	(69)	(70)	(71)	(345)	(72)	(73)	(144)
TOTAL LOCAL ASSISTANCE	(\$969)	(\$1,102)	(\$1,034)	(\$1,063)	(\$1,127)	(\$1,187)	(\$5,512)	(\$1,197)	(\$1,256)	(\$2,452)
SUBTOTAL AVAILABLE	\$1,713	\$1,748	\$1,780	\$1,770	\$1,646	\$2,195	\$9,140	\$1,741	\$1,724	\$3,465
STIP										
Highway & Local Roads	(\$707)	(\$872)	(\$1,068)	(\$1,060)	(\$560)	(\$275)	(\$3,835)	(\$95)	(\$9)	(\$104)
Mass Trans/Rail	(167)	(196)	(136)	(71)	(66)	(36)	(506)	(26)	(20)	(46)
Right of Way	(170)	(153)	(122)	(86)	(51)	(26)	(438)	(10)	(3)	(13)
TCRP - Support	(122)	(120)	(47)	(37)	(40)	(45)	(288)	(10)	-	(10)
Capital Outlay Support	(601)	(559)	(514)	(479)	(433)	(353)	(2,337)	(255)	(244)	(499)
TOTAL STIP COMMITMENTS	(\$1,767)	(\$1,900)	(\$1,887)	(\$1,733)	(\$1,149)	(\$734)	(\$7,404)	(\$396)	(\$276)	(\$672)
AVAILABLE FOR PROGRAMMING	(\$54)	(\$151)	(\$107)	\$38	\$496	\$1,460	\$1,682	\$1,345	\$1,448	\$2,793
CONTINGENCY FOR DELIVERY SHORTFALL	\$330	\$287	\$237	\$0	\$0	\$0	\$854	For APDE \$698		
NET PROGRAMMING	\$276	\$136	\$130	\$38	\$496	\$1,460	\$2,536			

Footnote: Numbers may not add due to rounding.

SHA FUND ESTIMATE ASSUMPTIONS

The State Highway Account is the main funding source for the State's highway transportation program. Excise tax on motor vehicle fuels, motor vehicle weight fees, and reimbursements from the Federal Trust Fund for Federal-aid highway projects are the three major funding sources.

The Department receives the Federal funds from the Federal fuel taxes deposited in the Federal Highway Trust Fund. However, California provides about ten percent of the annual Trust Fund payments but receives only eight percent of the annual Federal distribution. Through the Federal Transportation Act (TEA-21) and the Federal budget, the fuel taxes are apportioned and allocated back to California. Before the funds can flow back to California, each Federal-aid highway project must be authorized in advance by the Federal Highway Administration and Federal funds obligated. After this formal authorization process and obligation of funds, Federal funds are reimbursed based on the monthly expenditure of work accomplished on each authorized Federal-aid project.

The CTC approved the assumptions utilized to build the SHA FE at its June 2001 meeting.

Revenues

- The proposed Governor's Budget has historically been used as the base for developing the STIP FE.
- The cash balance on July 1, 2001 was \$1,496 million. The assumption in the development of the fund estimate was a "Prudent Cash Reserve" of \$140 million
- Conversion to program capacity adds \$907 million to resources over the FE to pay for prior commitments and produce new program capacity. Using the beginning cash balance on July 1, this conversion has two objectives, to maintain a relatively constant program level, and to offset the lag between when a project is programmed, and when expenditures occur.

Federal Revenues:

- TEA 21 expires September 30, 2003. While the new Act can not be predicted, the last two federal acts have increased total apportionments by more than fifty percent. Therefore, it is reasonable to assume a 20 percent increase in apportionments in the first year of the new federal act. Thereafter, apportionments are projected to increase by two percent per year.
- Obligational Authority (OA) is 90.5 percent of apportionment over the FE period.
- The Department's goal is to maintain a Federal Advanced Construction (AC) level of \$1.2 billion.
- State cash expenditures for AC are offset by Federal reimbursements (OA conversion) on a yearly basis.

- Federal Transportation Enhancement Activities (TEA) reservations are included in the fund estimate.

State Revenues:

- Fuel Tax revenues reflect a projected 2.2 percent average annual growth through the FE period. This average growth rate is consistent with the Department of Finance (DOF) forecast for motor vehicle fuel consumption and corresponding growth in Fuel Tax revenues for the 2001-02 Governor's Budget.
- Weight Fee revenues growth rate is projected to average 3.8 percent annual through the FE period. These revenues are based on truck and trailer weight fees paid or apportioned to California.
- Revenue from the excise tax on liquefied petroleum gas, natural gas, ethanol and methanol is projected to remain constant at \$5 million throughout the FE.
- The remaining State resources consist primarily of the Surplus Money Investment Fund (SMIF) interest and rental income. SMIF interest is based on the forecasted SHA cash balance for each year of the FE period.
- Miscellaneous income includes the reimbursement of \$534 million in 2006-07 for local road rehabilitation and support costs for the Traffic Congestion Relief Projects mandated by the Governor's Transportation Refinance Plan.
- Historical growth trends are used to forecast rental income as well as other miscellaneous revenues.
- Transfers of \$137.6 million from the SHA to the PTA are projected over the FE period pursuant to Streets and Highways Code Section 194.
- Transfers of \$233.4 million in non-Article XIX revenues from SHA to the PTA are projected over the FE period pursuant to AB 2928 (Chapter 91, Statutes of 2000).

Expenditures

State Operations

- Includes expenses for the operation of the Department such as Maintenance, Program Development, Traffic Operations, Administration, Legal, Equipment Service Center, Transportation planning, Mass Transportation, and Local Assistance support.
 - Statutes require that the FE incorporate "the most recent Budget Act" as the base in projecting future State Operations expenditures.
 - Statutes allow for these expenditures to be adjusted for inflation.
 - Statutes require the fund estimate to use the DOF escalation rate. The rate is 2.7 percent.
 - Expenditure levels reflect continuation of all programs authorized under current statutes.
 - Consistent with the assumptions adopted by the CTC, a contingency of \$50 million for Budget Change Proposals in 2002-03 and 2003-04 is included.
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- “Partnership” COS costs are reduced before determining amount available for Regional and Interregional programming.

“Partnership” work includes:

- Oversight on Sale Tax Measure projects
- Preparation of environmental documents for Sales Tax Measure projects
- Oversight on other locally funded projects

Local Assistance

Federal Local Assistance

- Includes Regional State Transportation Plan (RSTP), Congestion Mitigation and Air quality (CMAQ) and TEA funds.
- The Commission annually allocates lump sum amounts for local assistance.
- The funds are then managed and programmed by regional agencies.
- The FE assumed Federal local assistance delivery levels at 100% of available funds (OA at 90.5% of apportionments) for the three new years of the FE period.
- The fund estimate assumes no repayment in the FE period of the estimated \$339 million in Local Assistance OA used by the State in previous years.

Retrofit Soundwall Program

- The FE reflects the Administration’s decision to fund a specific list of soundwall retrofit projects based upon the statutory commitment to complete specific soundwall projects (Streets & Highways Code Section 215.5).
- The current cost estimate for the remaining retrofit soundwall projects is approximately \$226 million, which includes both support and capital costs, and is the level reflected in the 2000 FE.

State and Local Partnership Transportation Program

- Reflects close out of this program by 2002 consistent with chaptered legislation (SB 482).

Environmental Enhancement and Mitigation (EEM) Program

- \$10 million per year augmented with Federal TEA resources.

SHOPP Capital Outlay Expenditures

- The SHOPP includes projects that were based on the approved Four-Year SHOPP and Ten-Year SHOPP plan. In order to maintain a constant SHOPP level, the FE proposes that the program levels of the Ten-Year SHOPP be decreased by \$150 million in 2004-05 and \$100 million in 2005-06 and the program levels of Four-Year SHOPP be increased by \$100 million in 2002-03 and \$150 million in 2003-04.

- Capital Outlay Support modeling is based on the Four and Ten-Year SHOPP.
- SHOPP capital costs are escalated at 3.4% per year, reflecting the historical CHCCI.
- The FE assumes a \$10 million increase to the minor program, increasing that program to \$100 million annually. This increase will be targeted to expanding the involvement of small business in transportation projects in an effort to comply with the Governor's Executive Order D-37-01.
- The FE assumes future Legislatively approved Office Building projects will be funded with Lease Revenue bonds for the construction phase and use SHOPP funding for the Preliminary and Working Drawing phases. This is a new line item added to the FE. Previously these expenditures were a draw against the SHOPP.

Stormwater

- Resources are needed to ensure compliance with the conditions and requirements set forth by the State Water Resources Control Board and National Pollution Discharge Elimination System (NPDES) regulations. The FE reflects the level of need identified by the Department for the three new years of the FE period.

STIP Capital Outlay Commitments.

Prior STIP Commitments

- Commitments made in the 2000 STIP are assumed to continue. The 2000 STIP project costs have been adjusted to reflect the CHCCI escalation rate of 3.4 percent.
- Expenditure levels reflect the continuation of all programs authorized under current statutes.
 - Includes STIP amendments resulting from the revised 2000 FE adopted in July 2000.
 - Transit expenditures reflect the program level in the 2000 STIP.
 - Capital Outlay Support (COS) for committed STIP programs is based on actual costs.
 - TCRP support reflects the Administration's commitment to fund the 141 designated transportation projects that relieve traffic congestion.

Reservations

Contingency for Delivery Shortfall:

- The 2002 FE assumes the same level of contingencies as in the adopted 2000 FE, which was \$330 million in 2001-02, \$287 million in 2002-03 and \$237 million in 2003-04.

PUBLIC TRANSPORTATION ACCOUNT (PTA)

The Public Transportation Account (PTA) trust fund supports the costs for the Department's Mass Transportation and Rail programs and provides funding for the State's Inter-city Rail services operated by Amtrak. Revenues to the account are derived from sales taxes on gasoline and diesel fuel and are transferred quarterly into the account based on estimates by the Board of Equalization, with the concurrence of Department of Finance. Fifty percent of the annual tax revenues and the Transportation Investment Fund (TIF) transfers are appropriated to the State Controller for allocation to local transit operations under the State Transit Assistance (STA) Program.

The remaining funds are appropriated to the Department for bus and passenger rail services; planning activities not payable from the SHA; mass transportation responsibilities; assistance in regional transportation planning; Institute for Transportation Studies of the University of California; CTC's activities not payable from the SHA; and Public Utility Commission's passenger rail safety responsibilities on commuter rail, inter-city rail and urban rail transit lines.

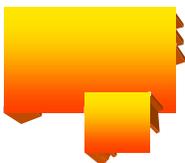
Resources Available for Programming

The table below summarizes the resources available for additional programming in the PTA. Further details of the resources, expenditures and funds available for programming are presented in following pages.

Public Transportation Account						
	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Funds Available For Programming (\$ in millions)	\$24.3	\$52.5	\$43.9	\$25.1	\$63.8	\$209.6

Highlights

- Gasoline and diesel fuel sales tax revenues reflect an average annual growth rate of 1.8 percent.
- AB 2928 codified the transfer of non-Article XIX revenues from the SHA into the PTA.
- The Transportation Refinancing Plan proposes to defer the TIF transfers for two years. This will reduce projected PTA revenues during 2001-02 and 2002-03 by approximately \$177 million and increase projected revenues by \$135.6 million in 2006-07 and by \$159.6 million 2007-08.
- The Transportation Refinancing Plan also proposes to borrow \$180 million in 2001-02 and \$100 million in 2002-03 to fund transit project costs in the Traffic Congestion Relief Fund (TCRF). These funds will be repaid to the PTA in 2007-08.



**PUBLIC TRANSPORTATION ACCOUNT
2002 STIP FUND ESTIMATE**

(\$ in thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	FE TOTAL	2007/08	2008/09	AB 1012 Total
RESOURCES										
Beginning Reserve	\$261,401	\$70,764					\$70,764			\$0
Federal Trust Fund Matching Funds for State Opers.	44,137	36,593	37,581	38,596	39,638	40,708	193,116	41,807	42,936	84,743
Sales Tax On Gasoline-Spillover*	80,437	36,253	0	0	0	0	36,253	0	0	0
Sales Tax On Gasoline-Prop 111*	62,496	63,864	64,950	66,054	67,177	68,319	330,364	69,481	70,662	140,143
Sales Tax On Diesel*	198,945	196,071	197,964	203,244	208,666	214,232	1,020,177	219,946	225,813	445,759
Transfer from Aeronautics Account	30	30	30	30	30	30	150	30	30	60
Transfer to Toll Bridge Retrofit Account	0	0	(30,000)	(40,000)	0	0	(70,000)	0	0	0
Transfer to TCRP	(180,000)	(100,000)	0	0	0	0	(100,000)	280,000	0	280,000
Non Article XIX Transfer from SHA	46,450	45,720	46,187	46,663	47,149	47,645	233,364	48,151	48,666	96,817
Transfer from TIF	0	0	110,755	118,767	127,037	135,573	492,132	159,583	0	159,583
Transfer from State Highway Account	25,400	26,090	26,790	27,510	28,250	29,010	137,650	29,790	30,590	60,380
Interest (SMIF)	15,521	7,960	3,350	1,280	1,490	2,940	17,020	4,141	25,162	29,304
TOTAL RESOURCES	\$554,817	\$383,345	\$457,607	\$462,144	\$519,437	\$538,457	\$2,360,990	\$852,929	\$443,859	\$1,296,789
STATE TRANSIT ASSISTANCE	(\$170,939)	(\$174,000)	(\$186,835)	(\$194,033)	(\$201,440)	(\$209,062)	(\$965,369)	(\$224,505)	(\$148,238)	(\$372,743)
SUB TOTAL AVAILABLE RESOURCES	\$383,878	\$209,345	\$270,773	\$268,111	\$317,997	\$329,395	\$1,395,621	\$628,424	\$295,622	\$924,046
STATE OPERATIONS										
Rail & Mass Trans Staff & Support	(\$20,744)	(\$20,980)	(\$21,550)	(\$22,130)	(\$22,730)	(\$23,340)	(\$110,730)	(\$23,970)	(\$24,620)	(\$48,590)
Planning Staff & Support	(23,969)	(24,567)	(25,230)	(25,910)	(26,610)	(27,330)	(129,647)	(28,070)	(27,140)	(55,210)
Administration & Technical Services	(5,310)	(5,450)	(5,600)	(5,750)	(5,910)	(6,070)	(28,780)	(6,230)	(6,400)	(12,630)
California Transportation Commission	(1,448)	(1,490)	(1,530)	(1,570)	(1,610)	(1,650)	(7,850)	(1,690)	(1,740)	(3,430)
Public Utilities Commission	(2,357)	(2,420)	(2,490)	(2,560)	(2,630)	(2,700)	(12,800)	(2,770)	(2,840)	(5,610)
High-Speed Rail Authority	(1,047)	(1,080)	(550)	0	0	0	(1,630)	0	0	0
Institute of Transportation Studies	(956)	(980)	(1,010)	(1,040)	(1,070)	(1,100)	(5,200)	(1,130)	(1,160)	(2,290)
Federal Trust Fund Matching Funds off-set	(44,137)	(36,593)	(37,581)	(38,596)	(39,638)	(40,708)	(193,116)	(41,807)	(42,936)	(84,743)
TOTAL STATE OPERATIONS	(\$99,968)	(\$93,560)	(\$95,541)	(\$97,556)	(\$100,198)	(\$102,898)	(\$489,753)	(\$105,667)	(\$106,836)	(\$212,503)
LOCAL ASSISTANCE										
Job Access/Reverse Commute	(\$4,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bay Area Ferry Operations	(2,793)	(2,793)	(2,793)	(2,793)	(2,793)	(2,793)	(13,965)	(2,793)	(2,793)	(5,586)
Reserve for Bay Area Water Transit Authority	(6,000)	0	0	0	0	0	0	0	0	0
STIP Rolling stock projects	(11,915)	0	0	0	0	0	0	0	0	0
Rural Transit System	(18,000)	0	0	0	0	0	0	0	0	0
TOTAL LOCAL ASSISTANCE	(\$43,208)	(\$2,793)	(\$2,793)	(\$2,793)	(\$2,793)	(\$2,793)	(\$13,965)	(\$2,793)	(\$2,793)	(\$5,586)
INTER-CITY RAIL OPERATIONS										
Intercity Rail & Bus Operations - Base	(\$73,138)	(\$73,138)	(\$73,138)	(\$73,138)	(\$73,138)	(\$73,138)	(\$365,690)	(\$73,318)	(\$73,138)	(\$146,456)
New Service on Existing Routes starting 02-03	0	(9,660)	(13,460)	(17,160)	(20,960)	(37,760)	(99,000)	(36,462)	(37,862)	(74,324)
Intercity Rail Equipment - heavy overhaul	(5,800)	(5,900)	(6,000)	(6,200)	(6,300)	(6,500)	(30,900)	(6,600)	(8,748)	(15,348)
TOTAL INTER-CITY RAIL OPERATIONS	(\$78,938)	(\$88,698)	(\$92,598)	(\$96,498)	(\$100,398)	(\$117,398)	(\$495,590)	(\$116,380)	(\$119,748)	(\$236,128)
CAPITAL OUTLAY										
Intercity rail track improvement	(\$91,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CAPITAL OUTLAY	(\$91,000)	\$0								
PTA funds for 2000 STIP	\$0	\$0	(\$27,368)	(\$27,368)	(\$89,474)	(\$42,526)	(\$186,736)	(\$16,053)	(\$49,211)	(\$65,264)
AVAILABLE FOR PROGRAMMING	\$70,764	\$24,294	\$52,473	\$43,897	\$25,134	\$63,780	\$209,577	\$387,531	\$17,034	\$404,565

*Items subject to 50% split with STA

PTA FUND ESTIMATE ASSUMPTIONS

The Public Transportation Account (PTA) trust fund supports the Department's Mass Transportation and Rail programs and provides funding for the States Inter-city Rail services operated by Amtrak. The CTC approved the assumptions utilized to build the PTA FE at its June 2001 meeting. Revenues in the account are derived from the sales taxes on gasoline and diesel fuels as estimated by the Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly into the account. The retail sales tax on diesel fuel and gasoline sales is transferred to the PTA pursuant to Revenue and Taxation Code (R & T Code) Sections 7102(a)(2) and 7102(a)(3).

Fifty percent of the annual revenues from the taxes and from the Transportation Investment Fund (TIF) are appropriated to the State Controller for allocation to local transportation agencies for State Transit Assistance (STA), which provides funding for the operating costs of transit operations.

In 2001, the general sales tax in California is 7.0% and is allocated to various uses by formula. The 7.0% current sales tax is distributed accordingly:

1. 0.25% flows to the Local Transportation Trust Fund
2. 2.0% to Local Governments
 - o 1.0% Cities and Counties General Fund
 - o 0.5% to Local Revenue Fund
 - o 0.5% to Local Public Safety Fund
3. 4.75% to State Retail Sales Tax Fund and a portion of the sales tax goes to the PTA:
 - o 4.75% tax on the 9 cents Gasoline Excise Tax (R & T Code, Section 7102(a)(2)); and
 - o 4.75% tax on diesel fuel sales, (R & T Code, Sections 7102(a)(3)) are transferred to the PTA
4. Remaining gasoline sales tax and all other sales taxes are transferred to the General Fund.

A spillover formula (R & T Code, Section 7102(a)(1)) was added to the law when gasoline was made subject to the sales tax base. At the same time, the General Fund (GF) sales tax rate was reduced by 1/4 percent. The concept was that adding gasoline to the sales tax base should not increase GF revenues; the revenue loss from the 1/4 percent reduction was supposed to offset the additional revenue from taxing gasoline. To ensure that the GF would not benefit from taxing gasoline, the spillover formula was added. The spillover formula essentially states that when the revenue from gasoline sales is greater than 1/4 percent of all other sales, the additional revenue goes to the PTA. The Transportation Refinancing Plan proposes to cap the spillover for 2001-02 to \$80.4 million and to \$36.3 million for 2002-03. If the cap were reached, the proposed Budget Trailer Bill language would split additional revenues 50 percent to the PTA and 50 percent to the General Fund.

Revenues

- Beginning balance for the Public Transportation Account (PTA) is \$261 million in 2001-02.
- Federal Trust Funds are matching resources against State Operations for support functions of eligible mass transit and rail program expenditures
- During 2001-02 and 2002-03, “spillover” revenues are expected because of the differential between fuel tax revenues and general sales tax revenues.
- The Transportation Refinancing Plan in the proposed budget proposes to limit "spillover" revenue to the PTA to \$81 million in 2001-02 and \$37 million in 2002-03.
- Transfers from the Aeronautics Account per Public Utilities Code, Section 21682.5 are \$30,000 per fiscal year.
- Gasoline and diesel fuel sales tax revenues reflect an average annual growth rate of 1.8 percent.
- The PTA share of the Toll Bridge Seismic Retrofit Program cost (per SB 60) remains at \$70 million.
- AB 2928 codified the transfer of non-Article XIX revenues from the SHA into the PTA under Streets and Highways Code (S & H Code) Section 183.1. These transfers are projected to total \$233.4 million during the FE period
- S & H Code, Section 194 requires the transfer of SHA funds (\$25.4 million) into the PTA to fund planning activities attributable to highways and mass transit guideways. These transfers are projected to total \$137.6 million during the FE period.
- The Transportation Refinancing Plan proposes to borrow \$280 million to fund transit project costs in the TCRF. These funds will be repaid to the PTA in 2007-08.
- The Transportation Refinancing Plan proposes to defer the TIF transfers for two years. This will reduce projected PTA revenues during 2001-02 and 2002-03 by approximately \$177 million and increase projected revenues \$135.6 million in 2006-07 and by \$159.6 million 2007-08.
- Interest income uses the Surplus Money Investment Fund (SMIF) interest rate of 6.493 percent based on funds available for programming.
- In 2002-03, the Transportation Refinancing Plan proposes to fund STA at a level higher than 50 percent of fuel sales tax revenues. Consequently, this will require the expenditure of an additional \$26 million from the PTA. The intent is to keep the STA funding at a consistent level throughout the fund estimate period.

Expenditures

- State operations includes support staff for mass transportation responsibilities and assistance in regional transportation planning for bus and passenger rail services; planning activities not payable from the SHA; CTC’s activities not payable from the SHA; Public Utility Commission’s passenger rail safety responsibilities on commuter rail, inter-city rail and

urban rail transit lines; and the Institute for Transportation Studies of the University of California. The support costs are escalated at the DOF annual rate of 2.7 percent.

- Rail and Mass Transit support expenditures include \$216,000 for TCRP rail projects and \$314,000 for the Farmworkers Transportation Pilot – Job Access Reverse Commute Program (JARC).
- Administrative and Technical Services includes an increase of \$412,000 for administrative costs of Proposition 116, the Clean Air and Transportation Bond Act of 1990. Costs are escalated at the DOF annual rate of 2.7 percent.
- High-Speed Rail Authority support costs are escalated at the DOF annual rate of 2.7% and reflect the authority sunsetting December 31, 2003 (Public Utilities Code, section 185020(h)).
- Federal Trust Funds are matching funds against State Operations for support functions of eligible mass transit and rail program expenditures.
- Mass Transit includes a \$4.5 million appropriation for the JARC in 2001-02. The \$4.5 million is a match for federal trust funds.
- \$2.8 million is authorized for Bay Area Ferry operations. The expenditures are not escalated because historical costs have been constant.
- \$12 million was appropriated to the Bay Area Water Transit Authority during 2000-01 to fund environmental impact report and design functions. Of the \$12 million, \$6 million remains and the Authority will receive the remaining monies upon completion of certain documents and delivery to the Legislature.
- The Governor’s Budget proposes \$11.9 million in STIP rolling stock projects.
- The Governor’s Budget proposes \$18 million for a new Rural Transit System Grant Program. This program is a competitive grant program to provide funds for rural public agencies for capital improvement projects.
- Inter-city Rail and bus operations base is \$73.1 million and includes \$9.5 million for expanded service on existing routes. The costs are not escalated because Amtrak assumes that future gains in efficiency will offset any cost increases.
- The planned new service on existing routes is expected to begin in 2002-03 and costs are in accordance with Rail Program Report as presented to the CTC November 2000.
- \$91 million is for capital outlay for inter-city rail track improvements on the Pacific Surfliner (\$41 million), the San Joaquin (\$29.4 million), and Capitol Corridor (\$20.6 million) lines.
- The 2000 FE resulted in \$264 million of PTA funds available for rolling stock projects in the STIP. Of this, \$11.9 million was authorized in 2001-02. The remainder is projected to be expended over six years beginning with 2003-04.
- All state operations, local assistance, and capital costs are consistent with the 2001-02 Governor’s Budget.

TRANSPORTATION INVESTMENT FUND (TIF)

The Transportation Investment Fund (TIF) provides new transportation funding as a result of the passage of the Traffic Congestion Relief Act of 2000 established through Chapter 91, Statutes of 2000 (AB 2928) and Chapter 656, Statutes of 2000 (SB 1662). The Transportation Refinancing Plan proposed during the Governor’s Budget May Revision defers funding to the TIF for two years. The source of funds is General Fund transfers derived from state sales tax on gasoline and diesel fuel. This fund commits major resources to 141 designated transportation projects that relieve traffic congestion, to the State Transportation Improvement Program (STIP), to the repair and maintenance of local streets and roads, and to the Public Transportation Account.

Resources Available for Programming

The table below summarizes the resources available for additional programming in the TIF. Further details of the resources and funds available for programming are presented in the following pages.

Transportation Investment Fund						
	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Funds Available for Programming (\$ in millions)	0	\$81	\$95	\$138	\$188	\$502

Highlights

- An exchange of federal funds for TCRF funds is allowed under the Traffic Congestion Relief Act. The exchange is limited to the federal Congestion Mitigation and Air Quality and Regional Surface Transportation programs. Upon approval by the CTC, regional transportation planning agencies can “swap” these restricted federal funds with TCRF funds that have fewer expenditure rules. There must be no adverse impact on TCRF projects as a result of the funding swap. The Department will use the exchanged federal funds for qualified federal funded projects. The exchange program will eliminate the federal requirements for many local projects and accelerate the spending of transportation funds.
- An additional \$516 million has been added to the overall Transportation Refinancing Plan by postponing the revenue transfers to the TIF until fiscal year 2003-04 and continuing the program through fiscal year 2007-08. This schedule does not delay any transportation projects.
- There is \$474 million in additional resources for the STIP in the TIF by fiscal year 2007-08.
- The 2002 FE period provides a total of \$502 million in the TIF for new programming, with an additional \$160 million for the Advanced Project Development Element.



**TRANSPORTATION INVESTMENT FUND
2002 STIP FUND ESTIMATE
(\$ millions)**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	5-Year Total	2007-08	2008-09	AB1012 Total
RESOURCES										
Beginning Reserves:		\$0					\$0			
Revenues from the General Fund	0	\$0	1,232	1,272	1,313	1,355	5,172	1,400		1,400
<i>Less Transfers Out:</i>										
Traffic Congestion Relief Fund	0	0	(678)	(678)	(678)	(678)	(2,712)	(602)		(602)
Local Street and Road Repairs	0	0	(222)	(238)	(254)	0	(714)	0		0
Public Transportation Account	0	0	(111)	(119)	(127)	(135)	(492)	(160)		(160)
State Highway Account	0	0	0	0	0	(354)	(354)	0		0
TOTAL RESOURCES	\$0	\$0	\$221	\$237	\$254	\$188	\$900	\$638		\$638
2000 FE Available for STIP Programming	0	0	(108)	(108)	(116)	0	(332)			
2000 FE Available for STIP Programming (APDE)	0	0	(32)	(34)	0	0	(66)			
AVAILABLE FOR PROGRAMMING	\$0	\$0	\$81	\$95	\$138	\$188	\$502	\$638	\$0	\$638
								\$160 million for APDE		

TIF FUND ESTIMATE ASSUMPTIONS

The Transportation Refinancing Plan has deferred the General Fund transfer of sales tax on gasoline and diesel fuel to the TIF for two years. The 2002 FE adjusts for current revenue estimates from the Transportation Refinancing Plan and for previously programmed STIP funding from the TIF. In addition the CTC approved the assumptions utilized to build the TIF FE at its June 2001 meeting.

Revenues

- Sales tax revenues on motor vehicle fuel, previously held by the General Fund, will be transferred to the TIF beginning fiscal year 2003-04, and ending fiscal year 2007-08. Revenue and Taxation Code Section 7104 outlines the requirements of the transfers. Total revenues over the 5-years are projected to be \$6.6 billion.
- The level of TIF funding will fluctuate depending on both the price and the amount of gasoline consumed in the state. Long term revenue growth assumptions from the Department of Finance estimate that taxable gasoline gallons will increase 1.7 percent annually, taxable diesel gallons will grow 1.2 percent and both gasoline and diesel price will increase 1.45 percent annually.

Transfers Out

Traffic Congestion Relief Fund

- Statutory quarterly transfers to the Traffic Congestion Relief Fund, per Revenue and Taxation Code Section 7104 (c)(1), begin in fiscal year 2003-04, and end in fiscal year 2007-08. The sum of \$678 million will be provided annually in four successive fiscal years, and \$601.9 million will be transferred in fiscal year 2007-08.

Local Street and Road Repairs

- Beginning in fiscal year 2003-04, forty percent of TIF revenue remaining after the quarterly transfer to the TCRF will be distributed to cities and counties for transportation purposes pursuant to per Revenue and Taxation Code Section 7104 (c)(4), (5). No transfers will be made in fiscal years 2006-07 and 2007-08.

Public Transportation Account

- Twenty percent of TIF revenue remaining after the quarterly transfer to the TCRF will be transferred to the Public Transportation Account (PTA), beginning in fiscal year 2003-04 and ending in fiscal year 2007-08. The funds will be appropriated by the Legislature, with fifty percent staying in the PTA for transit capital purposes. The remaining fifty-percent will be allocated by the Controller for State Transit Assistance.

State Highway Account

- The State Highway Account (SHA) is supporting funding for local roads in the amount of \$354 million (\$154 million in fiscal year 2001-02 and \$200 million in fiscal year 2002-03). This loan will eliminate any adverse fiscal impact to cities and counties during the two-year gasoline sales tax revenue deferral period. Cities and counties will not receive allocations during the two-year extension period of the Transportation Refinancing Plan. The SHA will be paid back for its \$354 million contribution to local roads in fiscal year 2006-07.

Total Resources

- The amount of resources remaining in the fund after all the statutory quarterly transfers are made, represents forty percent of TIF funding available to the Department. These funds are available for programming for transportation capital improvement projects subject to all of the provisions governed by the STIP. TIF revenues for the STIP will be available beginning in fiscal year 2003-04, and ending fiscal year 2007-08.

2000 FE Available for STIP Programming and APDE

- Included in SHA 2000 FE were \$398 million in TIF resources available for STIP programming. The TIF resources were based on the 2000 May Revise projections. Since that time, the Transportation Refinancing Plan has provided revenue updates and has deferred the plan for two-years. Therefore, the TIF resources available for programming were adjusted to reflect the most current plan.

AERONAUTICS ACCOUNT

The Aeronautics Program promotes optimum use of existing airports. This is achieved by overseeing a statewide system of safe and environmentally compatible airports that are integrated with surface transportation systems. The CTC approved the assumptions utilized to build the Aeronautics Account FE at its June 2001 meeting. The majority of the revenues supporting the Aeronautics Program come from an eighteen-cent per-gallon excise tax on aviation gasoline and a two-cent per-gallon tax on jet fuel. The tax is levied on general aviation aircraft only.

The Aeronautics Program allocates funds through three programs. The Grants to Local Agencies program provides \$10,000 to each of the 149 qualifying airports and is projected to remain at the same level through the FE period. The Acquisition and Development (A&D) figures are from the 1998 Aeronautics Program, adopted by the CTC. Lastly, the Airport Improvement Program (AIP) matches Federal monies given directly to local agencies.

Resources Available for Programming

The 2002 FE shows additional programming capacity of \$23 million in the Aeronautics Account. There have been no changes in legislation that would affect the Aeronautics Account.

Aeronautics Account						
	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Funds Available for Programming (\$ in millions)	\$9.1	\$3.7	\$3.5	\$3.4	\$3.3	\$23.0

Revenues

- Revenues generated from the excise tax on aviation gasoline are expected to continue to decline slightly, as the industry continues to move toward jet fuel-powered aircraft. Conversely, revenue from the tax on jet fuel is forecast to gradually increase throughout the FE period. The net result is a moderate decrease in total resources to the Aeronautics fund.
- Miscellaneous revenue estimate projections for 2001-02 are based on the proposed Governor's Budget figures.
- Interest income is based on the actual cash balance of \$18 million and Aeronautics program expenditure projections for 2001-02, using the current SMIF rate. Revenue from SMIF represents a significant increase from prior years, based on an increased cash balance.

Expenditures

- Grants to Local Agencies are assumed to remain at \$1.49 million per year.
- Acquisition and Development (A&D) costs are shown at \$2.18 million for 2001-02 and \$1.88 million for 2002-03. The remainder of the STIP period is shown without A&D

spending. The A&D match for these years will be determined when the next three-year Aeronautics program is adopted in 2002-03.

- The Airport Improvement Program (AIP) is shown at \$1.7 million for 2001-02 and \$1.8 million for 2002-03. The remainder of the STIP period is shown without AIP spending. The AIP match for these years will be determined when the next three-year Aeronautics program is adopted in 2002-03.
- The DOF has provided inflation estimates in accordance with Government Code Section 14525.1; program support costs are escalated at the DOF rate of 2.7 percent.
- All state operations and local assistance are consistent with the 2001-02 Governor's Budget.



AERONAUTICS ACCOUNT
2002 FUND ESTIMATE
(\$ in thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	FE TOTAL
RESOURCES							
Beginning Reserves	\$9,496	\$8,963					\$8,963
Aviation Gas Excise Tax	4,810	4,763	4,627	4,490	4,354	4,217	22,451
Jet Fuel Excise Tax	2,070	2,153	2,239	2,328	2,422	2,518	11,660
Interest (SMIF)	688	1,168	1,168	1,168	1,168	1,168	5,840
Federal Trust Funds	584	596	608	620	632	645	3,100
Sale of Documents	2	2	2	2	2	2	10
Transfer To PTA Account	(30)	(30)	(30)	(30)	(30)	(30)	(150)
TOTAL RESOURCES	\$17,620	\$17,615	\$8,614	\$8,578	\$8,548	\$8,520	\$51,874
EXPENDITURES*							
State Operations	(\$3,280)	(\$3,369)	(\$3,460)	(\$3,553)	(\$3,649)	(\$3,747)	(\$17,777)
TOTAL EXPENDITURES	(\$3,280)	(\$3,369)	(\$3,460)	(\$3,553)	(\$3,649)	(\$3,747)	(\$17,777)
SUBTOTAL AVAILABLE	\$14,340	\$14,246	\$5,154	\$5,025	\$4,899	\$4,772	\$34,097
LOCAL ASSISTANCE							
Grants to Local Agencies	(\$1,500)	(\$1,490)	(\$1,490)	(\$1,490)	(\$1,490)	(\$1,490)	(\$7,450)
Acquisition & Development	(2,177)	(1,888)	0	0	0	0	(1,888)
Airport Improvement Program match	(1,700)	(1,800)	0	0	0	0	(1,800)
TOTAL LOCAL ASSISTANCE	(\$5,377)	(\$5,178)	(\$1,490)	(\$1,490)	(\$1,490)	(\$1,490)	(\$11,138)
AVAILABLE FOR PROGRAMMING	\$8,963	\$9,068	\$3,664	\$3,535	\$3,409	\$3,282	\$22,959

* Includes Federal Trust Fund Expenditures

TRAFFIC CONGESTION RELIEF FUND

The Traffic Congestion Relief Fund (TCRF) has been established along with the Transportation Investment Fund (TIF) as a result of the passage of the Traffic Congestion Relief Act of 2000 established through Chapter 91, Statutes of 2000 (AB 2928) and Chapter 656, Statutes of 2000 (SB 1662), and has been revised through the Transportation Refinancing Plan. The principal source of funds is derived from state sales tax on gasoline and diesel fuel, which are transferred quarterly from the TIF. The TCRF commits major resources to 141 designated transportation projects that relieve traffic congestion.

There are no STIP resources available for programming in the TCRF. The information provided here is for informational use, only.

Highlights

- The TCRF has received an appropriation of \$1.5 billion from the General Fund and \$500 million from the transfer of sales tax on motor vehicle fuel during fiscal year 2000-01.
- The Transportation Refinancing Plan postpones the revenue transfers from the TIF until fiscal year 2003-04, but continues funding through fiscal year 2007-08. This schedule does not delay any transportation projects. Sufficient reserves from fiscal year 2001-02 remain available in the TCRF to meet the current program cash needs. There are plans to borrow from the State Highway Account, Public Transportation Account, Motor Vehicle Account, and the General Fund, if needed, to meet future cash flow needs.
- The Transportation Refinancing Plan proposes \$3.314 billion in transferred TIF revenues for the TCRF (\$678 million annually from fiscal years 2003-04 through 2006-07 and \$602 million in fiscal year 2007-08).

Traffic Congestion Relief Fund
Status of 141 Projects as of June 30, 2001
(\$ in millions)

Resources		
<i>FY 2000-01:</i>		
General Fund Appropriation	\$1,500	
Sales Tax on Gasoline	500	
<i>FY 2003-04 through 2007-08:</i>		
Transfers from TIF	3,314	
Total Resources Available		\$5,314
Committed Program		
Apportionments to Cities and Counties	\$400	
High Speed Rail Authority	5	
109 Projects to date before the CTC	4,291	
(Funds Approved by CTC - \$1,745)		\$4,696
(Funds Allocated to Date - \$642)		
Remaining Funds Available for 32 Projects		\$618

RAIL BOND ACCOUNT

The Clean Air and Transportation Improvement Bond Act of 1990 (Proposition 116) is more commonly known as the Rail Bond Account. This voter initiative provided \$1.99 billion for passenger and commuter rail systems, with limited funds available for public mass transit guideways, paratransit vehicles, bicycle and ferry facilities, and a railroad technology museum. This portion of the Fund Estimate is provided for informational use.

- As of June 2001 the Clean Air and Transportation Improvement Bond Act of 1990 (Proposition 116) had \$197.58 million available for programming.
- Of the \$1.99 billion available from the sales of bonds:
 - \$1.79 billion has been committed to projects and support.
 - Cash expenditures of \$1.57 billion have been made.

Pursuant to Public Utilities Code, Section 99684 (a), if funds allocated to an agency in Proposition 116 are not expended or allocated by July 1, 2000, the Legislature may, by a two-thirds vote, reallocate those funds for another rail project within that agency's jurisdiction. Additionally, if any of the funds are not expended or encumbered prior to July 1, 2010, the Legislature may, in the same manner, reallocate the funds for any other passenger rail project in the state (PUC 99684 (b)).

CLEAN AIR AND TRANSPORTATION IMPROVEMENT BOND FUND
Proposition 116
 (\$ in millions)
As of June, 2001

	STIP TOTAL
Resources	
Bond Authorization	\$1,990.00
Support Costs	
Administrative Support	\$10.00
Committed Program	
Rail Projects	\$1,660.01
Non-Urban County	\$73.00
Competitive Bicycle	\$20.00
Waterborne Ferry Program	\$29.41
<i>Approved Applications*</i>	\$1,782.42
Total Committed Program	\$1,792.42
AVAILABLE FOR PROGRAMMING	\$197.58

* Of this amount, approximately \$1,767 million has been allocated.

GARVEE BONDS

The 2002 FE assumes no GARVEE bonding. However, GARVEE bonding is a financing option that the CTC may consider if an urgent project meets the adopted criteria. Consequently, CTC has approved GARVEE guidelines, which include the stipulation that GARVEE funded projects must be eligible under state law for the STIP, have the design and environmental clearance completed, be federally eligible, and meet Federal requirements.

Background

- Grant Anticipation Revenue Vehicles (GARVEE bonds or GARVEEs) are tax-exempt anticipation notes, bonds or other debt instrument financing mechanisms involving the payment of future Federal-aid highway funds to retire debt. GARVEEs can be used to finance right of way and/or construction costs to advance critical transportation projects sooner than through traditional funding mechanisms. This type of financing is appropriate when the additional public benefits resulting from early construction exceed the cost of financing.
- A GARVEE bond is any bond or note repayable, either exclusively or primarily, with future Federal-aid highway funds. A GARVEE bond does not mean the Federal government is guaranteeing the bonds.
- GARVEE bonds are subject to the same Federal match requirements as other Federal-aid projects. The matching State funds would be used for the project, rather than for repayment of interest on the bonds.
- Payable interest on GARVEE bonds has ranged from 4.25% to 5.5% in some states that have issued GARVEEs. While it is not possible to predict what interest rate a GARVEE issuance from the State of California would bring, factors that are considered by the rating agencies in determining the credit quality of the bond issue include the State's overall economic health and the soundness of the fiscal management of the State.
- Use of GARVEE bonds allows earlier construction of large projects where State and Federal funds may not otherwise be available.
- Use of GARVEE financing requires that the project(s) be designated as Advance Construction (AC). This could tie up a large portion of AC, and impact the state's ability to commit future AC. However, designated AC would be converted to Federal-aid in equal amounts as debt service payments on the bonds are made.
- Use of federal funds to repay debt service for GARVEE bonds reduces the amount of future Obligation Authority available for programming. A maximum of 30 percent of annual deposits of Federal funds into the SHA can be used for debt service.
- The planned amount of Federal-aid reimbursement for debt service must be included in the STIP, per Federal Highway Administration (FHWA) guidelines.

- Transit projects are not eligible under the GARVEE Program. GARVEE funding is sponsored by the FHWA, and utilizes Federal Highway dollars.
- GARVEE financing can be used to avoid inflation delays, and economic development benefits would be realized sooner. GARVEE bonding spreads the cost of project(s) over the useful life and offers an alternative financing solution when other alternatives are not available or feasible.
- This financing mechanism incurs interest and issuance costs, and ties up federal-aid funds in out-years. Repayment requires a reduction to the potential program level equal to the amount of the bonds, plus interest and issuance expenses.

Types of GARVEEs

- Stand-alone GARVEE - the creditworthiness of the bonds depends entirely on future Federal-aid reimbursements, and not on the state's or any other entity's revenues or credit.
- Insured GARVEE is a bond issue for which the issuing entity has purchased bond insurance. Bond insurance is a credit enhancement intended to make the bonds more marketable.
- Backstopped GARVEE involves a pledge of another revenue source, such as state's gas tax or General Obligation authority (requires 2/3 voter approval), to enhance the creditworthiness of the bonds.
- "Direct" GARVEE – bonds issued for a specific project(s). The Federal share of debt service is paid with Federal-aid Advance Construction reimbursements. Projects must be Federal-aid eligible under Title 23 United State Code (U.S.C.), and authorized by the FHWA.
- "Indirect" GARVEE – bonds repayable with collected reimbursements for Federal-aid projects already constructed. This stream of reimbursements cannot be used for debt service on other, non-federal projects, without voter approval.

The GARVEE Process

- Identify Federal-aid eligible project(s) in the STIP. A GARVEE project would be authorized in same way other Federal-aid projects are authorized, except state can elect to seek reimbursement for costs of bond issuance (principal, interest, and related costs) instead of construction invoice costs. All direct GARVEE projects must be eligible for Federal-aid funds under Title 23 United State Code.
- Obtain approval for Advance Construction from FHWA Division office. The AC designation preserves the project's eligibility for future Federal-aid assistance.
- Select matching option
 - State funds cannot be used to pay interest on the bonds.

- Up-front match, based on state share (typically 9 percent to 12 percent) of project cost
- Match each debt service payment separately
- Separate bond issue for matching funds, repaid with purely state funds (requires 2/3 voter approval)
- Issue bonds – this is the point where state or state entity receives the proceeds of the bonds, and simultaneously incurs debt. Project construction begins.
- Partial conversion of Advance Construction as debt service comes due
 - FHWA Division would obligate for debt service
 - State would make debt service payment; FHWA would reimburse state

GARVEE bonds have not yet been used in the State of California. To date, at least eight states have issued GARVEEs.

COUNTY SHARE ESTIMATES

The chart on the following pages displays available STIP county and interregional share balances, advance project development element per AB 1012, and STIP amendments and allocations.

DRAFT PROPOSED 2002 STIP FUND ESTIMATE
COUNTY AND INTERREGIONAL SHARES
Includes STIP Amendments and Allocations Through June 2001
(\$1,000's)

County	Carryover Balances				2002 STIP Share		
	Unprogr'd Balance	Balance Advanced	APDE Programmed	Projects Lapsed	3-Year Formula Share	Total Available	Advances Remaining
Alameda	0	19	3,000	4,031	88,434	95,446	0
Alpine/Amador/Calaveras	12,974	0			14,970	27,944	0
Butte	3,111	0	500	3,633	16,911	24,155	0
Colusa	1,015	0			4,458	5,473	0
Contra Costa	11,667	0		420	57,319	69,406	0
Del Norte	0	2,691			4,265	1,574	0
El Dorado LTC	5,142	0			10,823	15,965	0
Fresno	0	85,421		815	61,109	0	23,497
Glenn	4	0		177	4,760	4,941	0
Humboldt	15,398	0		206	17,116	32,720	0
Imperial	22,393	0			28,594	50,987	0
Inyo	2,877	0		2,766	23,210	28,853	0
Kern	1,163	0			79,984	81,147	0
Kings	7,082	0		761	11,996	19,839	0
Lake	7,383	0		201	7,326	14,910	0
Lassen	0	1,168	1,168	28	10,882	10,910	0
Los Angeles	62,443	0	11,623	11,211	542,077	627,354	0
Madera	501	0			10,860	11,361	0
Marin	619	0		257	16,748	17,624	0
Mariposa	141	0			4,431	4,572	0
Mendocino	449	0		49	16,156	16,654	0
Merced	0	217		542	19,516	19,841	0
Modoc	0	0			5,779	5,779	0
Mono	0	2,957			17,186	14,229	0
Monterey	1,639	0	2,683	13	31,396	35,731	0
Napa	4,678	0			10,379	15,057	0
Nevada	7,742	0		1	9,062	16,805	0
Orange	134,306	0			163,450	297,756	0
Placer TPA	0	8,331	685	2	17,263	9,619	0
Plumas	956	0		202	6,550	7,708	0
Riverside	31,177	0		8,300	117,002	156,479	0
Sacramento	0	0		1,516	76,255	77,771	0
San Benito	2,604	0		74	5,691	8,369	0
San Bernardino	40,269	0		13,798	152,272	206,339	0
San Diego	67,640	0			178,223	245,863	0
San Francisco	5	0		391	45,190	45,586	0
San Joaquin	26,278	0		523	39,753	66,554	0
San Luis Obispo	2,946	0	200	195	31,955	35,296	0
San Mateo	3,632	0		1,297	46,537	51,466	0
Santa Barbara	20,981	0		418	36,509	57,908	0
Santa Clara	1,825	0		3,364	103,539	108,728	0
Santa Cruz	1,007	0			18,190	19,197	0
Shasta	10,484	0			18,484	28,968	0
Sierra	1,478	0		305	3,083	4,866	0
Siskiyou	0	0		1	12,836	12,837	0
Solano	2,969	0	2,250	5,276	27,141	37,636	0
Sonoma	6,623	0		455	33,130	40,208	0
Stanislaus	20,360	0		267	30,786	51,413	0
Sutter	4,037	0			6,960	10,997	0
Tahoe RPA	5,342	0		1,189	4,631	11,162	0
Tehama	0	2,442	1,000	208	9,278	8,044	0
Trinity	6	0			6,671	6,677	0
Tulare	43,479	0		5,872	37,579	86,930	0
Tuolumne	0	5,333			7,583	2,250	0
Ventura	0	9,973			53,560	43,587	0
Yolo	0	2		96	14,823	14,917	0
Yuba	0	0			5,329	5,329	0
Statewide Regional	596,825	118,554	23,109	68,860	2,436,000	3,029,737	23,497
Interregional	0	180,765	5,895	3,426	812,000	634,661	0
Statewide Total	596,825	299,319	29,004	72,286	3,248,000	3,664,398	23,497



**DRAFT PROPOSED 2002 STIP FUND ESTIMATE
COUNTY AND INTERREGIONAL SHARES**
Includes STIP Amendments and Allocations Through June 2001
(\$1,000's)

County	Potential Advance of County Share (For Share Period FY 04/05-07/08)			Adv Proj Devel Element Shares	
	4th Year Formula	Potential Total	Advances Remaining	2002 STIP Total	Net Now Available
Alameda	64,393	159,839	0	26111	23111
Alpine/Amador/Calaveras	10,901	38,845	0	4420	4420
Butte	12,315	36,470	0	4993	4493
Colusa	3,246	8,719	0	1316	1316
Contra Costa	41,737	111,143	0	16924	16924
Del Norte	3,105	4,679	0	1259	1259
El Dorado LTC	7,880	23,845	0	3196	3196
Fresno	44,495	20,998	0	18043	18043
Glenn	3,466	8,407	0	1405	1405
Humboldt	12,462	45,182	0	5054	5054
Imperial	20,820	71,807	0	8443	8443
Inyo	16,900	45,753	0	6853	6853
Kern	58,240	139,387	0	23616	23616
Kings	8,734	28,573	0	3542	3542
Lake	5,335	20,245	0	2163	2163
Lassen	7,923	18,833	0	3213	2045
Los Angeles	394,709	1,022,063	0	160053	148430
Madera	7,907	19,268	0	3206	3206
Marin	12,196	29,820	0	4945	4945
Mariposa	3,227	7,799	0	1308	1308
Mendocino	11,764	28,418	0	4770	4770
Merced	14,211	34,052	0	5762	5762
Modoc	4,208	9,987	0	1706	1706
Mono	12,514	26,743	0	5074	5074
Monterey	22,860	58,591	0	9270	6587
Napa	7,557	22,614	0	3064	3064
Nevada	6,599	23,404	0	2676	2676
Orange	119,014	416,770	0	48260	48260
Placer TPA	12,571	22,190	0	5097	4412
Plumas	4,769	12,477	0	1934	1934
Riverside	85,194	241,673	0	34546	34546
Sacramento	55,524	133,295	0	22515	22515
San Benito	4,143	12,512	0	1680	1680
San Bernardino	110,875	317,214	0	44960	44960
San Diego	129,771	375,634	0	52622	52622
San Francisco	32,904	78,490	0	13343	13343
San Joaquin	28,946	95,500	0	11737	11737
San Luis Obispo	23,268	58,564	0	9435	9235
San Mateo	33,887	85,353	0	13741	13741
Santa Barbara	26,583	84,491	0	10780	10780
Santa Clara	75,390	184,118	0	30571	30571
Santa Cruz	13,244	32,441	0	5371	5371
Shasta	13,458	42,426	0	5457	5457
Sierra	2,245	7,111	0	910	910
Siskiyou	9,347	22,184	0	3790	3790
Solano	19,763	57,399	0	8014	5764
Sonoma	24,124	64,332	0	9782	9782
Stanislaus	22,416	73,829	0	9090	9090
Sutter	5,067	16,064	0	2055	2055
Tahoe RPA	3,372	14,534	0	1367	1367
Tehama	6,755	14,799	0	2739	1739
Trinity	4,858	11,535	0	1970	1970
Tulare	27,363	114,293	0	11096	11096
Tuolumne	5,522	7,772	0	2239	2239
Ventura	38,999	82,586	0	15814	15814
Yolo	10,794	25,711	0	4377	4377
Yuba	3,880	9,209	0	1573	1573
Statewide Regional	1,773,750	4,779,990	0	719250	696141
Interregional	591,250	1,225,911	0	239750	233855
Statewide Total	2,365,000	6,005,901	0	959000	929996

APPENDIX A – SHA FUND ESTIMATE DETAILS

2002 FE DRAFT

2002 SHA & FEDERAL FUND ESTIMATE DETAIL

(\$ Millions)

STATE REVENUES	2001/02 FE	2002/03	2003/04	2004/05	2005/06	2006/07	5-Year Total	2007/08	2008/09	AB1012 Total
FUEL TAXES	\$ 1,976.633	\$ 2,079.614	\$ 2,127.574	\$ 2,175.740	\$ 2,222.989	\$ 2,271.498	\$ 10,877.415	\$ 2,316.836	\$ 2,361.181	\$ 4,678.017
HUTA - Gas (F00062)	\$ 1,863.544	\$ 1,744.037	\$ 1,782.616	\$ 1,821.134	\$ 1,858.462	\$ 1,896.767	\$ 9,103.016	\$ 1,931.613	\$ 1,965.167	\$ 3,896.780
HUTA - Diesel (F00062)	\$ 308.089	\$ 330.577	\$ 339.958	\$ 349.606	\$ 359.527	\$ 369.731	\$ 1,749.399	\$ 380.223	\$ 391.014	\$ 771.237
HUTA - Other (F00062)	\$ 5.000	\$ 5.000	\$ 5.000	\$ 5.000	\$ 5.000	\$ 5.000	\$ 25.000	\$ 5.000	\$ 5.000	\$ 10.000
MOTOR VEHICLE REGISTRATION (WEIGHT FEES) (114100)	\$ 793.000	\$ 838.000	\$ 872.000	\$ 906.000	\$ 939.000	\$ 973.000	\$ 4,528.000	\$ 1,007.000	\$ 1,041.000	\$ 2,048.000
MISCELLANEOUS RESOURCES	\$ 1,307.874	\$ 820.469	\$ 116.146	\$ 100.692	\$ 83.199	\$ 657.992	\$ 1,778.498	\$ 120.065	\$ 77.473	\$ 197.538
SMIF (150300)	\$ 100.000	\$ 28.050	\$ 24.901	\$ 19.585	\$ 25.866	\$ 65.959	\$ 164.360	\$ 42.000	\$ 18.000	\$ 60.000
Misc. Revenue from use of property/money (152300)	\$ 20.000	\$ 20.000	\$ 20.000	\$ 20.000	\$ 20.000	\$ 20.000	\$ 100.000	\$ 20.000	\$ 20.000	\$ 40.000
Rentals of State Property (152200)	\$ 18.800	\$ 19.176	\$ 19.560	\$ 19.951	\$ 20.350	\$ 20.757	\$ 99.794	\$ 21.172	\$ 21.595	\$ 42.767
Conv. To Prog. Cap.	\$ 1,169.204	\$ 725.103	\$ 113.270	\$ 68.460	\$ -	\$ -	\$ 906.834	\$ 19.320	\$ -	\$ 19.320
Net Cash From A/C	\$ (16.000)	\$ 12.000	\$ (78.000)	\$ (44.000)	\$ -	\$ -	\$ (110.000)	\$ -	\$ -	\$ -
Reimbursement from TIF & TCRP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534.000	\$ 534.000	\$ -	\$ -	\$ -
Other revenues	\$ 15.870	\$ 16.140	\$ 16.415	\$ 16.696	\$ 16.983	\$ 17.276	\$ 83.510	\$ 17.573	\$ 17.878	\$ 35.451
TRANSFERS TO/FROM OTHER FUNDS	\$ (575.626)	\$ (288.060)	\$ (80.927)	\$ (82.123)	\$ (83.349)	\$ (84.605)	\$ (619.064)	\$ (85.891)	\$ (87.206)	\$ (173.097)
PTA for Planning 2660-021-0042 (T00046)	\$ (25.400)	\$ (26.090)	\$ (26.790)	\$ (27.510)	\$ (28.250)	\$ (29.010)	\$ (137.650)	\$ (29.790)	\$ (30.590)	\$ (60.380)
PTA for Street and Highways Code 183.1 (T00046)	\$ (46.450)	\$ (45.720)	\$ (46.187)	\$ (46.663)	\$ (47.149)	\$ (47.645)	\$ (233.364)	\$ (48.151)	\$ (48.666)	\$ (96.817)
Transfer to Cities / Countiesper MR (TIF)	\$ (154.000)	\$ (200.000)	\$ -	\$ -	\$ -	\$ -	\$ (200.000)	\$ -	\$ -	\$ -
Other transfers	\$ (349.776)	\$ (16.250)	\$ (7.950)	\$ (7.950)	\$ (7.950)	\$ (7.950)	\$ (48.050)	\$ (7.950)	\$ (7.950)	\$ (15.900)
EXPENDITURES (Other Departments)	\$ (68.866)	\$ (71.163)	\$ (73.847)	\$ (76.542)	\$ (79.247)	\$ (81.964)	\$ (382.763)	\$ (84.693)	\$ (87.433)	\$ (172.127)
DMV State Ops - Weight Fee Collection Costs (2740)	\$ (42.025)	\$ (44.465)	\$ (46.610)	\$ (48.755)	\$ (50.900)	\$ (53.045)	\$ (243.775)	\$ (55.190)	\$ (57.335)	\$ (112.525)
California Highway Patrol State Ops (2720)	\$ (21.947)	\$ (22.386)	\$ (22.834)	\$ (23.290)	\$ (23.756)	\$ (24.231)	\$ (116.497)	\$ (24.716)	\$ (25.210)	\$ (49.926)
Other expenditures	\$ (4.894)	\$ (4.312)	\$ (4.403)	\$ (4.497)	\$ (4.591)	\$ (4.688)	\$ (22.491)	\$ (4.787)	\$ (4.888)	\$ (9.676)
FEDERAL REVENUES										
TEA21-FEDERAL RESOURCES FOR STATE & LOCAL	\$ 2,204.000	\$ 2,248.000	\$ 2,694.000	\$ 2,747.000	\$ 2,802.000	\$ 2,857.000	\$ 13,348.000	\$ 2,914.000	\$ 2,972.000	\$ 5,886.000
TEA21-Obligation Authority (OA)	\$ 2,184.000	\$ 2,228.000	\$ 2,674.000	\$ 2,727.000	\$ 2,782.000	\$ 2,837.000	\$ 13,248.000	\$ 2,894.000	\$ 2,952.000	\$ 5,846.000
August Redistribution Bonus	\$ 20.000	\$ 20.000	\$ 20.000	\$ 20.000	\$ 20.000	\$ 20.000	\$ 100.000	\$ 20.000	\$ 20.000	\$ 40.000
FEDERAL ADJUSTMENTS	\$ 72.891	\$ 87.811	\$ 80.561	\$ 73.597	\$ 66.900	\$ 60.457	\$ 369.326	\$ 54.255	\$ 48.283	\$ 102.538
Aeronautics expenditure adjustment per Gov. Bud.	\$ (0.584)	\$ (0.596)	\$ (0.608)	\$ (0.620)	\$ (0.632)	\$ (0.645)	\$ (3.100)	\$ (0.658)	\$ (0.671)	\$ (1.329)
PTA expenditure adjustments per the Gov. Bud.	\$ (51.525)	\$ (36.593)	\$ (37.581)	\$ (38.596)	\$ (39.638)	\$ (40.708)	\$ (193.116)	\$ (41.807)	\$ (42.936)	\$ (84.743)
RABA Increase	\$ 125.000	\$ 125.000	\$ 118.750	\$ 112.812	\$ 107.170	\$ 101.810	\$ 565.542	\$ 96.720	\$ 91.890	\$ 188.610



2002 SHA & FEDERAL FUND ESTIMATE DETAIL

(\$ Millions)

STATE & FEDERAL EXPENDITURES	2001/02 FE	2002/03	2003/04	2004/05	2005/06	2006/07	5-Year Total	2007/08	2008/09	AB1012 Total
STATE OPERATIONS	\$ (1,446.501)	\$ (1,463.328)	\$ (1,552.837)	\$ (1,594.764)	\$ (1,637.823)	\$ (1,682.044)	\$ (7,930.796)	\$ (1,727.459)	\$ (1,774.100)	\$ (3,501.560)
Program Development	\$ (91.964)	\$ (73.987)	\$ (75.985)	\$ (78.036)	\$ (80.143)	\$ (82.307)	\$ (390.459)	\$ (84.530)	\$ (86.812)	\$ (171.341)
Legal	\$ (63.274)	\$ (64.982)	\$ (66.737)	\$ (68.539)	\$ (70.389)	\$ (72.290)	\$ (342.937)	\$ (74.242)	\$ (76.246)	\$ (150.488)
Operations	\$ (116.047)	\$ (114.356)	\$ (117.444)	\$ (120.615)	\$ (123.872)	\$ (127.216)	\$ (603.503)	\$ (130.651)	\$ (134.179)	\$ (264.830)
Maintenance	\$ (803.038)	\$ (820.984)	\$ (843.150)	\$ (865.915)	\$ (889.295)	\$ (913.306)	\$ (4,332.651)	\$ (937.965)	\$ (963.290)	\$ (1,901.256)
Mass Transportation	\$ (0.336)	\$ (0.345)	\$ (0.354)	\$ (0.364)	\$ (0.374)	\$ (0.384)	\$ (1.821)	\$ (0.394)	\$ (0.405)	\$ (0.799)
Transportation Planning	\$ (48.466)	\$ (49.775)	\$ (51.118)	\$ (52.499)	\$ (53.916)	\$ (55.372)	\$ (262.680)	\$ (56.867)	\$ (58.402)	\$ (115.269)
Administration	\$ (302.394)	\$ (288.898)	\$ (296.698)	\$ (304.709)	\$ (312.936)	\$ (321.386)	\$ (1,524.628)	\$ (330.063)	\$ (338.975)	\$ (669.038)
Equipment Service Center	\$ (20.982)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BCP Reservation	\$ -	\$ (50.000)	\$ (101.350)	\$ (104.086)	\$ (106.897)	\$ (109.783)	\$ (472.116)	\$ (112.747)	\$ (115.791)	\$ (228.538)
SHOPP	\$ (1,581.274)	\$ (1,401.314)	\$ (1,368.476)	\$ (1,416.721)	\$ (1,540.985)	\$ (1,589.806)	\$ (7,317.302)	\$ (1,576.644)	\$ (1,571.624)	\$ (3,148.268)
SHOPP/TEA	\$ (933.540)	\$ (892.440)	\$ (874.000)	\$ (900.660)	\$ (973.710)	\$ (1,036.190)	\$ (4,677.000)	\$ (1,060.640)	\$ (1,074.210)	\$ (2,134.850)
Stormwater	\$ (15.540)	\$ (40.440)	\$ (50.370)	\$ (59.090)	\$ (66.780)	\$ (74.250)	\$ (290.930)	\$ (67.000)	\$ (48.410)	\$ (115.410)
SHOPP Capital Outlay Office Projects	\$ (191.242)	\$ (24.233)	\$ (1.663)	\$ (2.779)	\$ (48.510)	\$ (24.100)	\$ (101.285)	\$ -	\$ -	\$ -
SHOPP Minor	\$ (91.025)	\$ (91.520)	\$ (91.700)	\$ (91.700)	\$ (91.700)	\$ (91.700)	\$ (458.320)	\$ (91.700)	\$ (91.700)	\$ (183.400)
SHOPP Support	\$ (349.927)	\$ (352.681)	\$ (350.743)	\$ (362.492)	\$ (360.285)	\$ (363.566)	\$ (1,789.767)	\$ (357.304)	\$ (357.304)	\$ (714.608)
LOCAL ASSISTANCE	\$ (968.931)	\$ (1,101.549)	\$ (1,033.738)	\$ (1,062.595)	\$ (1,126.867)	\$ (1,186.766)	\$ (5,511.514)	\$ (1,196.689)	\$ (1,255.637)	\$ (2,452.325)
Local Assistance Non-STIP	\$ (820.000)	\$ (874.000)	\$ (914.000)	\$ (978.000)	\$ (1,041.000)	\$ (1,099.000)	\$ (4,906.000)	\$ (1,108.000)	\$ (1,166.000)	\$ (2,274.000)
Retrofit Soundwalls	\$ (54.920)	\$ (134.140)	\$ (31.200)	\$ -	\$ -	\$ -	\$ (165.340)	\$ -	\$ -	\$ -
State/Local Partnership	\$ (28.451)	\$ (25.115)	\$ (18.222)	\$ (12.938)	\$ (13.080)	\$ (13.080)	\$ (82.435)	\$ (13.080)	\$ (13.080)	\$ (26.160)
Environmental Enhancement	\$ (10.000)	\$ (10.000)	\$ (10.000)	\$ (10.000)	\$ (10.000)	\$ (10.000)	\$ (50.000)	\$ (10.000)	\$ (10.000)	\$ (20.000)
Local Assistance Support	\$ (29.923)	\$ (30.731)	\$ (31.561)	\$ (32.413)	\$ (33.288)	\$ (34.187)	\$ (162.179)	\$ (35.110)	\$ (36.058)	\$ (71.167)
Local Assistance CMAQ & RSTP COS	\$ (24.637)	\$ (23.563)	\$ (23.755)	\$ (23.244)	\$ (23.499)	\$ (23.499)	\$ (117.560)	\$ (23.499)	\$ (23.499)	\$ (46.998)
TEA Regional STE & CL	\$ (1.000)	\$ (4.000)	\$ (5.000)	\$ (6.000)	\$ (6.000)	\$ (7.000)	\$ (28.000)	\$ (7.000)	\$ (7.000)	\$ (14.000)
STIP CAPITAL OUTLAY COMMITMENTS	\$ (1,766.939)	\$ (1,899.928)	\$ (1,887.435)	\$ (1,732.756)	\$ (1,149.370)	\$ (734.287)	\$ (7,403.776)	\$ (395.940)	\$ (275.647)	\$ (671.587)
SO and State STIP	\$ (462.420)	\$ (577.770)	\$ (744.430)	\$ (808.730)	\$ (461.220)	\$ (226.010)	\$ (2,818.160)	\$ (69.870)	\$ (1.800)	\$ (71.670)
Local Roads-STIP	\$ (244.600)	\$ (294.190)	\$ (323.580)	\$ (251.700)	\$ (98.350)	\$ (48.530)	\$ (1,016.350)	\$ (25.140)	\$ (6.720)	\$ (31.860)
STIP Transit Capital Outlay - Rail	\$ (38.254)	\$ (43.658)	\$ (52.370)	\$ (26.414)	\$ (20.354)	\$ (6.533)	\$ (149.329)	\$ (0.597)	\$ -	\$ (0.597)
STIP Transit Local Assistance - Mass Transit	\$ (129.138)	\$ (152.739)	\$ (83.785)	\$ (44.523)	\$ (45.799)	\$ (29.682)	\$ (356.528)	\$ (25.560)	\$ (19.700)	\$ (45.260)
STIP COS Support	\$ (600.639)	\$ (558.598)	\$ (513.809)	\$ (478.949)	\$ (432.639)	\$ (353.278)	\$ (1,128.924)	\$ (254.592)	\$ (244.342)	\$ (10.790)
TCRP Support	\$ (121.888)	\$ (119.972)	\$ (47.061)	\$ (36.760)	\$ (39.600)	\$ (44.550)	\$ (287.943)	\$ (9.900)	\$ -	\$ (9.900)
Right of Way	\$ (170.000)	\$ (153.001)	\$ (122.400)	\$ (85.680)	\$ (51.408)	\$ (25.704)	\$ (438.193)	\$ (10.281)	\$ (3.085)	\$ (13.366)

APPENDIX B – SIGNIFICANT FUNDING BILLS

2001-02 Legislative Session

The most significant of all pending legislation impacting the proposed 2002 Fund Estimate is AB 438, known as the Transportation Refinancing Bill. This bill impacts the Transportation Investment Fund, State Highway Account, and Public Transportation Account Fund Estimates. Various other bills have been proposed to change the current Traffic Congestion Relief Plan, and will require amendments upon passage of AB 438.

AB 227 (Longville)

This bill would remove the 2006 sunset date on the law that requires the quarterly transfer of funds from the General Fund to the Transportation Investment Fund. AB 227 is a two-thirds vote bill. (Update: Hearing set on 7/10 in Senate Transportation Committee)

AB 321 (Vargas)

This bill would extend indefinitely the period during which the State Controller's Office would be required to make the quarterly transfers from the General Fund to the Transportation Investment Fund. It would also direct the sales and use tax from the sale and lease of motor vehicles to the Congestion Relief Transportation Trust Fund, established by the bill, for distribution in 18 separate accounts for a variety of transportation purposes. (Update: Hearing cancelled at request of author, 4/23)

AB 438 (Budget Committee – Trailer Bill)

This is the proposed Trailer Bill to the 2001 Budget Bill; also known as the Transportation Refinancing Bill. This bill, in part, proposes to defer the Traffic Congestion Relief Plan (TCRP) for two years; provides for loans from the Motor Vehicle Account, State Highway Account, and the Public Transportation Account for the TCRP; increases funding available for TCRP and the State Transportation Improvement Program, and contains various report requirements. The proposed 2002 Fund Estimate for the Transportation Investment Fund reflects the changes under consideration in this bill. (Update: Referred to Committee on Senate Rules, 6/5)

AB 608 (Dickerson)

This bill would require that, if a project in a county is completed for less than the amount estimated by the California Transportation Commission, the funds that were not used would be reprogrammed for projects in that particular county. (Update: In Senate Transportation Committee; hearing set 7/10)

AB 631 (Oropeza)

Requires the California Transportation Commission, in conjunction with the Department and Regional Transportation Planning Agencies, to prepare a comprehensive statewide transportation

needs assessment, containing specified information regarding unfunded transportation needs, every five years. (Update: In Senate Transportation Committee; hearing set 7/10)

AB 1171 (Dutra)

This bill would authorize the Metropolitan Transportation Commission to extend the seismic retrofit toll bridge surcharge on Bay Area bridges. (Update: In Senate Transportation Committee; hearing set 7/10)

AB 1419 (Aroner)

This bill would require the Department to transfer Transbay Transit Terminal property to San Francisco. (Update: In Senate Transportation Committee; hearing set 7/10)

ACA 2 (Vargas)

This measure would impose certain conditions upon a loan to the General Fund (GF) of funds in the Congestion Relief Transportation Trust Fund, or the Transportation Investment Fund (TIF). The provisions of the bill would become operative only if AB 321 (Vargas) is enacted and becomes effective on or before January 1, 2002, to continue the TIF indefinitely. (Update: Hearing cancelled at the request of author, 4/23)

ACA 9 (Dutra)

This measure would impose conditions, on and after July 1, 2006, upon a loan to the General Fund of funds in the Transportation Investment Fund (TIF), or any successor to that fund. Specifically, the bill would authorize the money in the TIF, on and after July 1, 2006, to be allocated only for the purposes set forth in specified provisions relating to that fund. (Update: In ASM Appropriations Committee 5/31: Second hearing set. Held under submission)

ACR 32 (Dutra)

This measure would request the California Transportation Commission, in consultation with the Department and regional transportation planning agencies, to prepare and submit to the Legislature, as specified, a study of potential decreases in transportation revenues for transportation planning agencies. The study would identify specified transportation funding elements and suggest legislative remedies to address potential funding shortfalls. (Update: In Senate Transportation Committee; hearing set 7/10)

SB 294 (Sher)

This bill would clarify the information that is required to be included in a proposal for funding state infrastructure identified in the 5-year plan. (Update: Hearing set 7/10; Business and Professions Committee)

SB 759 (Murray)

This bill would require the Department to repay from the State Highway Account in the State Transportation Fund to the Traffic Congestion Relief Fund, all funds received as federal reimbursements, as they are received, for funds exchanged under the exchange program, except that the repayments are not required to be made more frequently than on a quarterly basis. Similar requirements are found in AB 1705. (Update: Re-referred to Committee on Appropriations 6/30)

SB 787 (Chesbro)

This bill would require the Department and the California Transportation Commission to establish a Rural Transit System Grant Program to purchase, construct, and rehabilitate transit facilities and equipment, including energy efficiency retrofits, and to purchase right-of-way for transit systems. (Update: in Assembly Transportation Committee; hearing scheduled on 7/2 cancelled at request of author)

SB 790 (Karnette)

This bill would remove certain restrictions on county share advances from the State Transportation Improvement Program process to promote efficient use of transportation funding. (Update: Referred to Appropriations suspense file on 6/27)

SB 829 (Karnette)

Existing law requires the State Controller's Office (SCO) to transfer specified amounts on a quarterly basis from the General Fund (GF) to the Transportation Investment Fund (TIF). The SCO, for each quarter during the period commencing on July 1, 2001, and ending on June 30, 2006, is required to transfer specified amounts from the TIF to the Traffic Congestion Relief Fund, to the Public Transportation Account, to the Department, and to the cities and counties.

This bill would extend indefinitely the period during which the SCO would be required to make the quarterly transfers from the GF to the TIF. The bill would delete the requirement that transfers be made from the TIF to the TCRF and would revise the percentages of the total in the TIF that would be required to be transferred to the PTA, Caltrans, and the cities, counties, and cities and counties. (Update: 05/31 - Held in Senate Appropriations Committee and under submission.)

SB 1101 (Knight)

This bill would appropriate \$75,000,000 from the State Highway Account to the Department for allocation in the amount of \$50,000,000 to widen State Highway Route 138 from 2 to 4 lanes between Avenue T and 165th Street in the County of Los Angeles and \$25,000,000 to realign State Highway Route 58 for safety purposes at the Boron "S" curve near the City of Boron. (Update: 05/01 - Failed passage in committee)

SCA 5 (Torlakson)

This measure would authorize a local government to impose a special tax to fund transportation projects and services. Also, the Transportation Investment Fund would receive revenue deposits directly as part of the State Treasury System, and would no longer receive funding as a transfer from the General Fund. (Update: Hearing set 7/10; Senate Transportation Committee)

SCA 6 (Murray)

This measure would direct motor vehicle fuel sales tax revenues that are now currently used for certain street and highway and public mass transit guideway purposes to be used for other exclusive purposes including: public transit purposes funded from the Public Transportation Account; transportation capital improvement projects subject to the State Transportation Improvement Program; and for street and highway maintenance conducted by cities and counties. This bill would also allow fuel sales tax funds to be loaned to the General Fund under certain conditions. (Update: Hearing set 7/10; Senate Transportation Committee).