

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 16-17, 2004

Reference No.: 2.5h.
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

Prepared by: Bimla Rhinehart
Acting Division Chief
Division of Budgets

Ref: **FINANCIAL ADJUSTMENT TO TRANSFER FEDERAL TOLL BRIDGE SEISMIC
RETROFIT ACCOUNT TO CAPITAL OUTLAY IN FY 2002-03
RESOLUTION FM-03-08**

ISSUE:

The Resolution below is the first of two proposals that would swap funding sources between two Toll Bridge Seismic Retrofit projects. The net-zero transfers would swap out a portion of the Toll Bridge Seismic Retrofit Account (TBSRA) funds currently allocated to the San Francisco-Oakland Bay Bridge with a commensurate portion of Federal Highway Bridge Replacement and Rehabilitation (HBRR) funds currently allocated to the Richmond-San Rafael Bridge. The exchange of funds is necessary to balance the cash flow of the TBSRA with the availability of Obligational Authority to reimburse HBRR expenditures.

RECOMMENDATION

The Department recommends that the Commission approve the resolution below.

BACKGROUND

The Richmond-San Rafael (RSR) Bridge replacement is primarily funded with HBRR funds, and the Skyway portion of the San Francisco-Oakland Bay Bridge is funded with nearly \$230 million in HBRR funds. Federal funds are received on a reimbursement basis, so expenditures are first paid from State funds. To minimize the impact on the Transportation Revolving Account (TRA), the TBSRA has been used to fund these federal expenditures prior to reimbursement.

Because of the tax-free status of the revenue bonds recently sold for the TBSRA, they cannot be used to fund the RSR Bridge in anticipation of federal reimbursement. Consequently, the non-bond (pre-existing) portion of the TBSRA must fund expenditures on the RSR Bridge until

federal Obligational Authority (OA) becomes available for reimbursement. The schedule for OA usage, as proposed by the Department of Finance (DOF) after enactment of AB 1171, was adopted in the 2004 Fund Estimate.

The non-bond portion of the TBSRA is smaller than anticipated due to the initial delay in the sale of the bonds and the need to advance \$69 million from the TBSRA to the TRA. The determination that this advance could not come from the bond portion of the TBSRA significantly impacted the amount of available un-pledged TBSRA. The low non-bond balance means that the TBSRA may be unable to support all federal expenditures on the Richmond-San Rafael Bridge and the Skyway of the SFOBB until HBRR funds become available for reimbursement. Conservative estimates show that the impact to the TRA could be as much as \$50 million before federal funds become available. The Department recommended an earlier transfer from the Public Transportation Account (PTA) of \$50 million in FY 2004-05, which was adopted by the Commission in the 2004 Fund Estimate. However, a delay in the Transportation Investment Fund (TIF) transfer to the PTA has made this transfer untenable, and the proposed 2004-05 Budget Bill does not include this transfer.

Impacts to the TRA could begin as soon as the first quarter of FY 2004-05. Exchanging HBRR funding for TBSRA (bond) funding would alleviate the cash flow difficulty with the non-bond TBSRA. This financial adjustment would allocate TBSRA funds to the RSR Bridge and alleviate the problem with reimbursement of federal expenditures for that bridge. The resolution below reduces the TBSRA funds for the SFOBB project and increases HBRR funding by the same amount.

The proposed swap of \$80 million is a conservative estimate, which will preclude the need for any future action on this subject. The swap will not negatively impact either project.

FINANCIAL RESOLUTION:

Resolved, that \$80,000,000 of Toll Bridge Seismic Retrofit Account funds be removed from the SFOBB project; and

Be it further resolved, that pending adoption of this resolution, the Department of Transportation will add Federal Highway Bridge Replacement and Rehabilitation Account funds for capital outlay in the amount of \$80,000,000 to the SFOBB project; and

Be it further resolved, that the total capital outlay funding for this project remains unchanged.

Attachment

2.5 Highway Financial Matters

Project #	Allocation Amount	Recipient	RTPA/CTC	County	Dist-Co-Rte	Postmile (Kilopost)	Location	Project Description	Project Support Expenditures	EA PPNO Program / Year PA&ED PS&E Const Eng CONST	Budget Year Item # Program Code	State Federal Total Amount
2.5h. Financial Adjustment to the San Francisco-Oakland Bay Bridge										Resolution FM-03-08		
1	\$0	Department of Transportation	San Francisco	04B-SF-80	008.7		On the San Francisco-Oakland Bay Bridge. Replace the existing Skyway segment of the SFOBB east span.	(Shift allocation of \$80,000,000 from TBSRA funds to HBRR funds. Total Funding for this project remains unchanged. TBSRA funds to be used for project under 2.5i.)		012021 0579M 2000/01	2002-03 810-0650 20.20.202.837	(\$80,000,000)
											2002-03 301-0890 20.20.202.837	\$80,000,000
												\$0