

DEPARTMENT OF TRANSPORTATION

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 14-15, 2005

Reference No.: 4.4  
Action Item

From: CINDY McKIM  
Chief Financial Officer

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Ref: **SIX-MONTH ESTIMATE OF LOAN CAPACITY UNDER AB 1012  
RESOLUTION G-05-**

## **BACKGROUND:**

AB 1012 (Chapter 783, Statutes of 1999) established a program to loan unallocated funds from the State Highway Account (SHA) to transportation planning agencies, county transportation commissions, transit districts, city and county governments, and local transportation authorities. These loans are to be made available for the advancement of projects eligible under the State Transportation Improvement Program and that are included within an adopted Regional Transportation Plan. Loans are limited, with a maximum of \$500 million to be outstanding at any one time and a maximum loan of \$100 million per county. Loans are to be repaid within four years.

AB 1012 requires that twice a year, on January 15 and July 15, the California Transportation Commission (Commission) adopt projections of funding availability and the period of time that the funds will be available. Estimates of funding availability were presented to the Commission at the July 2005 meeting. The Commission adopted Resolution G-05-03, recommending that loans be considered due to the projected high ending cash balance.

## **DISCUSSION:**

The available cash balance in the SHA is \$896 million, as of September 30, 2005. The projected ending cash balance for June 2006 is \$660 million.

**RECOMMENDATION:**

The Department recommends the Commission continue this loan program for the six-month period from January 2006 through June 2006.

Upon receiving loan requests, the Department will analyze the impact to the cash balance and present to the Commission a recommendation of appropriate loan options during the loan approval process.

Attachment

**CALIFORNIA TRANSPORTATION COMMISSION**  
**State Highway Account Loan Program**  
**Six-Month Estimated Loan Capacity under AB 1012**

**Resolution G-05-\_\_**

- 1.1 WHEREAS, Section 14529.6 of the Government Code (GC) was added by Chapter 783 of the Statutes of 1999 (AB 1012, Torlakson), hereinafter referred to as “the act”, and
- 1.2 WHEREAS, GC Section 14529.6 establishes a loan program to advance unallocated funds from the State Highway Account (SHA) for the advancement of projects eligible under the State Transportation Improvement Program (STIP) that are included within an adopted regional transportation plan; and
- 1.3 WHEREAS, the California Transportation Commission (Commission) is required by the act to adopt, in January and July of each year, a projection of funds that may be available to be loaned and the period of time during which funds will be available; and
- 1.4 WHEREAS, the act directs the Department of Transportation (Department) to report to the Commission, prior to adoption of a projection, the cash-flow needs for the STIP for the following six months; and
- 1.5 WHEREAS, GC Section 14529.6 (c) authorizes the loan program, when the Commission determines that the SHA cash balance will be greater than \$400 million; and
- 1.6 WHEREAS, the SHA adjusted cash balance on September 30, 2005, was \$896 million and the projected ending cash balance for Fiscal Year 2005-06 is estimated to be \$660 million; and
- 1.7 WHEREAS, the Department may make any loans without jeopardizing funding of the Department’s daily operations.
- 2.1 NOW THEREFORE BE IT RESOLVED that the Commission does hereby acknowledge that the SHA cash balance is projected to be greater than \$400 million and that the loan program for the six-month period from January 2006 through June 2006 be continued in accordance with GC Section 14529.6 (c).