

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 19-20, 2011

Reference No.: 3.14
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Budgets

Subject: **FY 2010-11 FIRST QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2010-11 First Quarter Finance Report. This report has been discussed with the Commission's Executive Committee.

Attachment



Department of Transportation Quarterly Finance Report

First Quarter 2010-11

Department of Transportation
Division of Budgets

The purpose of the quarterly finance report is to provide the California Transportation Commission (Commission) with the status of capital allocations versus capacity, and to report any trends or issues that may require action by the Department of Transportation (Department) or Commission regarding transportation funding policy, allocation capacity, or forecast methodology to ensure the efficient and prudent management of transportation resources. Below is the schedule of dates for the development of the 2010-11 Quarterly Finance Reports.

California Department of Transportation Quarterly Finance Report Schedule of Reports			
Fiscal Year	Quarterly Report	Activity	Date
2010-11	2009-10 Q4	Close of Quarter	6/30/10
		Quarterly Report to Commission Staff	8/31/10
		Presented to Commission	9/22/10
	2010-11 Q1	Close of Quarter	9/30/10
Quarterly Report to Commission Staff		11/15/10	
Presented to Commission		1/19/11	
2010-11 Q2	Close of Quarter	12/31/10	
	Quarterly Report to Commission Staff	2/15/11	
	Presented to Commission	3/16/11	
2010-11 Q3	Close of Quarter	3/31/11	
	Quarterly Report to Commission Staff	5/15/11	
	Presented to Commission	6/15/11	
2011-12	2010-11 Q4	Close of Quarter	6/30/11
		Quarterly Report to Commission Staff	8/31/11
		Presented to Commission	9/21/11

Department of Transportation Quarterly Finance Report

First Quarter 2010-11

EXECUTIVE SUMMARY

2010-11 Capital Allocations vs. Capacity Summary through September 30, 2010 (\$ in millions)					
	SHOPP ¹	STIP ¹	TCRP	BONDS	TOTAL
Total Allocation Capacity	\$2,057	\$1,094	\$84	\$3,552	\$6,787
Total Votes	1,006	551	0	-22	1,535
Authorized Changes ²	-25	-10	0	N/A	-35
Total Remaining Capacity	\$1,076	\$553	\$84	\$3,574	\$5,287

Note: Totals may not add due to rounding

¹Proposition 1B bond capacity included in total: \$57M (Prop 1B SHOPP); \$469M (Prop 1B STIP).

²Authorized changes include project increases and decreases pursuant to the Commission's G-12 process and project rescissions.

Through the first quarter of 2010-11, the Commission has allocated \$1.535 billion toward 190 projects. This represents approximately 23 percent of the \$6.787 billion total capacity approved by the Commission. Adjustments totaled \$35 million, leaving \$5.287 billion in remaining capacity.

With the exception of the Public Transportation Account (PTA), cash balances for all primary Departmental funds were impacted by the prolonged budget impasse, (see Appendix B). The State Highway Account (SHA) was significantly impacted, and the cash balance was considerably lower than forecast, due to a lack of revenue receipts because of the budget delay. The fund was able to stay solvent, due in large part to a \$135 million interfund loan from the Public Transportation Account (PTA). The Transportation Investment Fund (TIF), Traffic Congestion Relief Fund (TCRF), and the Transportation Deferred Investment Fund (TDIF) all experienced lower-than-anticipated expenditures due to low cash balances and delays in processing expenditures because of the budget impasse.

After a record-setting stalemate, the 2010-11 Budget Act was signed on October 8, 2010. The enacted budget closed an estimated \$18 billion shortfall through several cost-cutting measures. Transportation resources were not exempt from these cuts. The Department's overall budget is \$467 million less than last year's, and includes a delay in the repayment of \$230 million in loans from the General Fund (GF) until June 2012. The bulk of this repayment would have been to the SHA in the amount of \$200 million. The budget also includes a \$762 million loan from the Highway Users Tax Account (HUTA), an additional \$29 million loan from the PTA, and an additional loan of \$80 million from the SHA. These loans are scheduled to be repaid, with interest, by June 2014.

Another issue which will impact transportation is the November 2nd election. As mentioned in the 2009-10 Fourth Quarter Report and at the September Commission meeting; Propositions 22 and 26 both contain language which will affect transportation funding. The full impact of these Propositions will not be known until questions about implementation and the effect on the GF are resolved.

The 2010-11 Budget included \$2.2 billion in Proposition 1A and 1B appropriations; however, as the economy continues to struggle, future bond sales are uncertain. Without bond proceeds to fund Proposition 1A and 1B programs, projects will continue to be delayed, which will impact the listed allocation capacity. The Department of Finance (DOF) is anticipating a bond sale this fall.

STATE HIGHWAY OPERATION AND PROTECTION PROGRAM (SHOPP)

State Highway Operation and Protection Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$200	\$142	-\$15	\$127	\$73
Prop 1B SHOPP	57	0	0	0	57
FTF	1,800	864	-10	854	946
Total	\$2,057	\$1,006	-\$25	\$981	\$1,076

Capital Allocations vs. Capacity

SHOPP allocations totaled \$1 billion toward 81 projects through the first quarter, representing 49 percent of the \$2.057 billion approved capacity. Adjustments totaled \$25 million and resulted in net allocations of \$981 million. Federal resources comprise the majority of the remaining capacity.

Outlook for Funding & Allocations

As a lengthy budget impasse blocked any receipt of excise tax revenues during the first quarter; the Department was forced to utilize available strategies to keep the SHA solvent. The Department processed an interfund loan from the PTA to the SHA in order to meet existing obligations. HUTA payments, delayed because of the budget impasse, are expected to be received by the Department in the second quarter.

Coinciding with the close of the state's first quarter was the ending of the federal fiscal year. There is currently no new federal budget; however, Congress temporarily approved funding, at 2009-10 levels, through December 3, 2010. In addition, the current extension of the Federal Transportation Reauthorization Act ends on December 31, 2010. Without further action, federal transportation programs may be shut down going into 2011. Congress will be in lame-duck session beginning November 15th and will remain in session for an undetermined period. The November General Election brought about significant change in the make-up of Congress and the Transportation Committee, which could affect federal reauthorization.

The 2010-11 Budget Act was signed early in the second quarter, on October 8th. The SHA was impacted by several actions. The budget includes a \$762 million loan from the HUTA to the General Fund (GF) and an additional \$80 million loan of from the SHA. Both of these loans are expected to be repaid in June 2014. The budget also authorized the delay of repayment of a \$200 million loan to the SHA, which was borrowed in 2008-09 and was expected to be repaid this fiscal year.

Depending on the implementation of Propositions 22 and 26, which both passed on the November ballot, SHA resources may be impacted by changing the accessibility of transportation funds.

Recommendations

The Department will monitor potential impacts and, if necessary, recommend a change to the 2010-11 capacity.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$200	\$222	\$0	\$222	-\$22
PTA	225	74	0	74	151
TIF	0	0	-8	-8	8
FTF	200	255	-2	253	-53
Prop 1B STIP	469	0	0	0	469
Total	\$1,094	\$551	-\$10	\$541	\$553

Note: The FTF STIP capacity was identified only for Transportation Enhancement projects; however, previously approved federally funded Right-of-Way costs continue to charge against the FTF. These charges are expected to taper off in the coming years.

Capital Allocations vs. Capacity

Of the \$1.094 billion STIP capacity, a net total of \$541 million was allocated through the first quarter of 2010-11, including adjustments totaling \$10 million in award savings. There were 109 projects allocated through the first quarter, with a total remaining capacity of \$553 million. The bulk of the remaining capacity is bond resources. The STO has been unable to sell sufficient bonds to fund new projects due to continuing economic struggles.

Outlook for Funding & Allocations

Transportation Investment Fund (TIF). Fuel tax swap bills ABX8-6 and 9 require any remaining TIF obligations as of July 1, 2010, which cannot be funded with resources in that fund, to become SHA obligations. The Department projects TIF resources will be sufficient to fund its obligations through 2010-11.

State Highway Account (SHA). During the first quarter, SHA allocation capacity was exceeded by approximately 10 percent. Contract award savings will likely mitigate this overrun, however, continuing to allocate from this fund may result in a decrease in capacity in subsequent fiscal years. It may also negatively affect capacity in the SHOPP.

Public Transportation Account (PTA). The 2010-11 enacted budget authorized a \$29 million loan from the PTA. This loan is scheduled to be repaid, with interest, by June 2014. Proposition 22, on the November ballot could impact the PTA significantly. This Proposition would eliminate loans from the PTA and may change the flow of resources to the fund. The Department estimates little to no PTA capacity for STIP by 2011-12; however, this may change based on the interpretation and implementation of the new propositions.

Transportation Facilities Account (TFA). As the economy continues to struggle, bond sales have not been sufficient to fund new capacity. The DOF is anticipating a fall 2010 bond sale by the State Treasurer's Office (STO); however, no specific details are available at this time.

Federal Trust Fund (FTF). There is currently no new federal budget; however, Congress temporarily approved funding through December 3, 2010. The current extension of the Federal Transportation Reauthorization Act ends on December 31, 2010. Without further action, federal transportation programs may be shut down going into 2011. As previously mentioned, significant changes in Congressional seats could affect the federal Transportation Committee.

Recommendations

The Department will monitor potential impacts and, if necessary, recommend a change to the 2010-11 capacity.

TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
TCRF	\$84	\$76	\$0	\$0	\$8
Total	\$84	\$76	\$0	\$0	\$8

Capital Allocations vs. Capacity

No projects have been allocated from the TCRP during the first quarter. At the end of the fourth quarter of 2009-10; the TCRP was over- allocated by \$76 million. As a result, only \$8 million of the \$84 million 2010-11 allocation capacity is available for allocation.

Outlook for Funding & Allocations

Approximately \$981 million in loan repayments are still outstanding from the GF (refer to Appendix D). TCRP receives \$83 million annually for repayment of \$499 million in outstanding Proposition 42 loans. These payments are expected to continue through June of 2016. Tribal Gaming repayments on the \$482 million loan to the GF (Pre-Proposition 42) are expected to begin in 2011-12. The 2010-11 Governor’s Budget does not include a Tribal Gaming loan repayment to transportation.

Recommendations

The Department will continue to monitor for potential impacts and, if necessary, recommend changes.

PROPOSITION 1B BONDS

Proposition 1B Bonds (\$ in millions)			
Fund	Allocation Capacity	Allocations to Date*	Remaining Capacity
CMIA	\$1,492	\$0	\$1,492
TCIF	736	0	\$736
Intercity Rail	125	0	\$125
State-Local Partnership	333	0	\$333
Local Bridge Seismic	24	0	\$24
Grade Separations	216	0	\$216
Traffic Light Synchron.	182	0	\$182
Route 99	343	-22	\$365
Total	\$3,451	-\$22	\$3,473

Note: Totals may differ due to rounding.

*Deallocations due to award savings.

Capital Allocations vs. Capacity

There have been no bond projects allocated through the first quarter.

Outlook for Funding & Allocations

The Department did not receive any proceeds from the sale of bonds during the first quarter of fiscal year 2010-11. However, the Department of Finance did request information about the Department's 2010-11 cash needs for bond funded projects, and a bond sale by the State Treasurer's Office is anticipated at the end of November. No specific details of the November 2010 bond sale have been released at this time.

Recommendations

The priority for the use of Bond proceeds has been to fund ongoing projects before funding any new allocations. The Department recommends continuing with the current practice of securing sufficient bond sale proceeds prior to allocation of new projects.

APPENDICES

Appendix A..... Allocation Capacity and Assumptions

Appendix B..... Cash Forecasts

- Forecast Methodology**
- State Highway Account**
- Public Transportation Account**
- Traffic Congestion Relief Fund**
- Transportation Investment Fund**
- Transportation Deferred Investment Fund**

Appendix C..... Federal Funding

Appendix D..... Transportation Loans

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2010-11 Allocation Capacity By Fund and Program (\$ in millions)					
Fund	SHOPP	STIP	TCRP	Other Bonds	Total
SHA	\$200	\$200	\$0	\$0	\$400
FTF	1,800	200	0	0	2,000
PTA	0	225	0	0	225
TCRF	0	0	84	0	84
<i>Prop 1A Bonds*</i>	0	0	0	101	101
<i>Prop 1B Bonds*</i>	57	469	0	3,451	3,977
Total Capacity	\$2,057	\$1,094	\$84	\$3,552	\$6,787

** Bond capacity represents total budget authority and is subject to sales in 2010-11.*

The 2010-11 allocation capacity of \$6.787 billion includes Proposition 1B and Proposition 1A capacity.

This allocation capacity is based on:

- For SHOPP, 2010-11 Budget Act revenue and expenditure estimates, and 2010 STIP Fund Estimate federal receipts.
- The PTA allocation capacity of \$225 million is based on a lowered prudent cash balance (\$100 million) and takes into consideration the anticipated \$396 million in debt service payments through 2010-11. Also taken into consideration are the changes to PTA funding enacted through ABX8-6 and 9.
- The annual TCRF allocation capacity is based on a dollar-for-dollar ratio of actual revenues received for current year expenditures. The allocation capacity and specific project funding was established by the Commission, in cooperation with the Department and Local Agencies.
- SHOPP and STIP bond capacity is based on the balance of bond authority available after 2007-08 and 2008-09 allocations, budget authority, and any administrative costs. Other Proposition 1B bond capacity is based on budget authority for those funds and is dependent on the sale of sufficient bonds for funding.
- Proposed Proposition 1A capacity reported in the fourth quarter of 2009-10 was updated based on the enacted budget which reduced Proposition 1A resources for high speed rail from \$234 million to \$101 million.

APPENDIX B – FORECAST METHODOLOGY

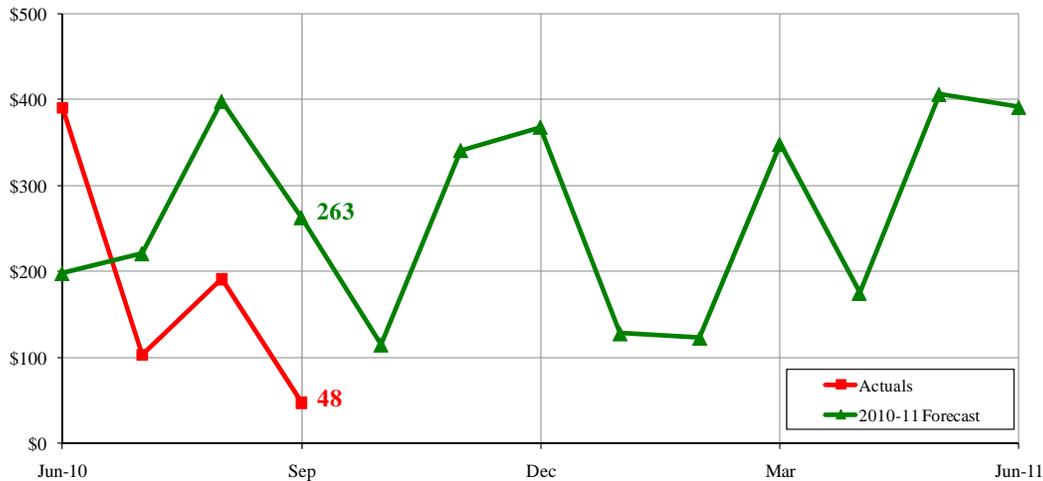
Methodology and Assumptions

The cash forecasts for the SHA, PTA, TCRF, TIF and TDIF are used by the Department to estimate and monitor the cash balance of transportation funds to determine the level of allocations that can be supported, and to prepare for low or high cash periods. Variances are identified and reported to management and the Commission. If necessary, adjustments are made to capital allocation levels, funding policy or forecast methodology. The 2010-11 cash forecasts and allocation capacities are based on the following assumptions:

- Expenditures for state operations and Capital Outlay Support (COS) are based on the 2010-11 Budget Act.
- Capital outlay and local assistance expenditures are based on actual and projected Commission allocations, using historical, seasonal construction patterns.
- Monthly adjustments are not forecast since they comprise timing differences between the Department's accounting system and the State Controller's Office (SCO). These adjustments include short-term loans made to the General Fund, short-term loan repayments, Plans of Financial Adjustments (PFAs), funds transferred in and out, and reimbursements.
- A \$135 million loan from the SHA to the GF authorized in the 2009-10 Budget was included in the 2009-10 SHA forecast; however, the loan was not taken until July 2010. Also included, is the assumption that the repayment of the \$200 million loan from SHA to the GF in the 2008-09 FY, and the subsequent loan from the TCRF to the SHA for \$200 million will both be delayed until June 2012.
- Per the 2008-09 Budget Act, a \$60 million loan occurred in November 2008 from the TCRF to the PTA. The loan amount, based on revenue projections at the time, was intended to offset a portion of the PTA diversion for the Home-to-School Program. Repayment of this loan will occur in October of 2010.
- Federal receipts of approximately \$3.0 billion are based on the 2010 STIP Fund Estimate.

APPENDIX B – STATE HIGHWAY ACCOUNT

**State Highway Account (SHA)
12-Month Cash Forecast
(\$ in millions)**



Year-to-Date SHA Summary

The SHA ended the first quarter with a cash balance of \$48 million, \$216 million (82 percent) below forecast. The SHA cash balance has been considerably lower than forecast due to a delay in excise tax revenue transfers due to the prolonged budget impasse. SHA first quarter revenues were \$430 million, \$485 million (53 percent) below forecast. A short-term loan of \$135 million from the PTA was transferred to the SHA in August to offset the \$135 million loan to the GF. Expenditures for the quarter totaled \$719 million, \$266 million (27 percent) below forecast. The difference was largely due to the lower than forecast expenditures for Non-Departmental and State Operations. Adjustments, which represent revenue receipt timing differences, totaled a positive \$8 million.

No excise tax transfers from the HUTA were received in August and September due to the prolonged budget impasse. These delays resulted in a low cash balance. The August and September HUTA payments will occur in October and November 2010.

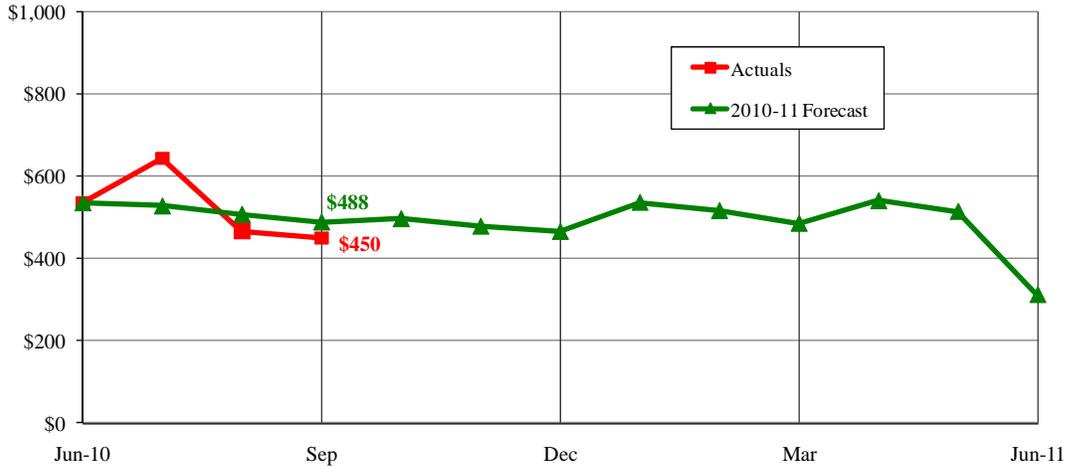
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$334	\$334	N/A	
Revenues	915	430	-485	
Transfers	-1	-6	-5	
Expenditures	-985	-719	266	
Adjustments	0	8	8	
Ending Cash Balance	\$263	\$48	-\$216	-82%

Note: Ending cash balance may differ due to rounding.

APPENDIX B – PUBLIC TRANSPORTATION ACCOUNT

Public Transportation Account (PTA) 12-Month Cash Forecast (\$ in millions)



Year-to-Date PTA Summary

The PTA cash balance through the first quarter was \$450 million, \$38 million (8 percent) below forecast. The PTA transfers include a \$135 million short-term loan to State Highway Account. Expenditures were \$58 million, \$14 million (20 percent) below forecast. Adjustments were positive 22 million.

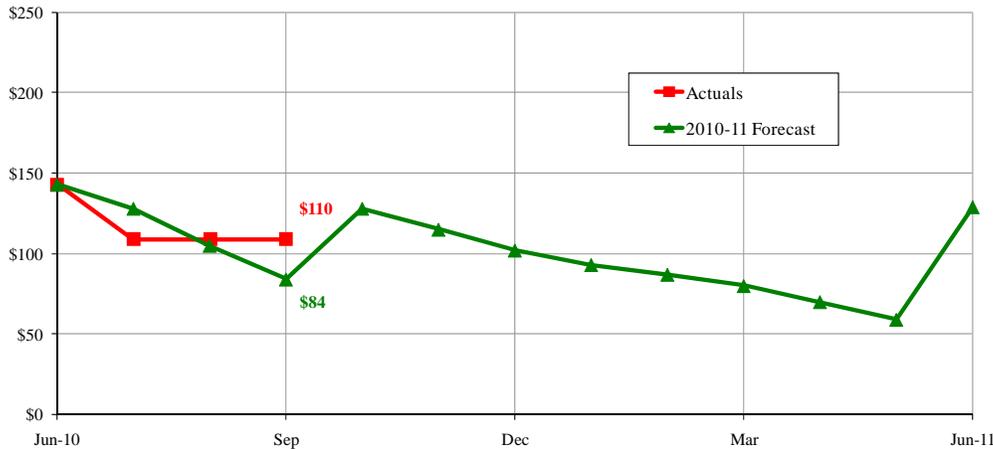
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$620	\$620	N/A	
Revenues	0	1	1	
Transfers	0	-135	-135	
Expenditures	-72	-58	14	
Adjustments	-60	22	81	
Ending Cash Balance	\$488	\$450	-\$38	8%

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRAFFIC CONGESTION RELIEF FUND

**Traffic Congestion Relief Fund (TCRF)
12-Month Cash Forecast
(\$ in millions)**



Year-to-Date TCRF Summary

The TCRF ending cash balance for the first quarter was \$110 million, \$26 million (31 percent) above the forecast amount of \$84 million. Expenditures were \$7 million, \$52 million (88 percent) below forecast. The lower than forecast ending cash balance was a result of higher than anticipated outlays. There were no revenues for the first quarter. Net adjustments for the year were a negative \$26 million.

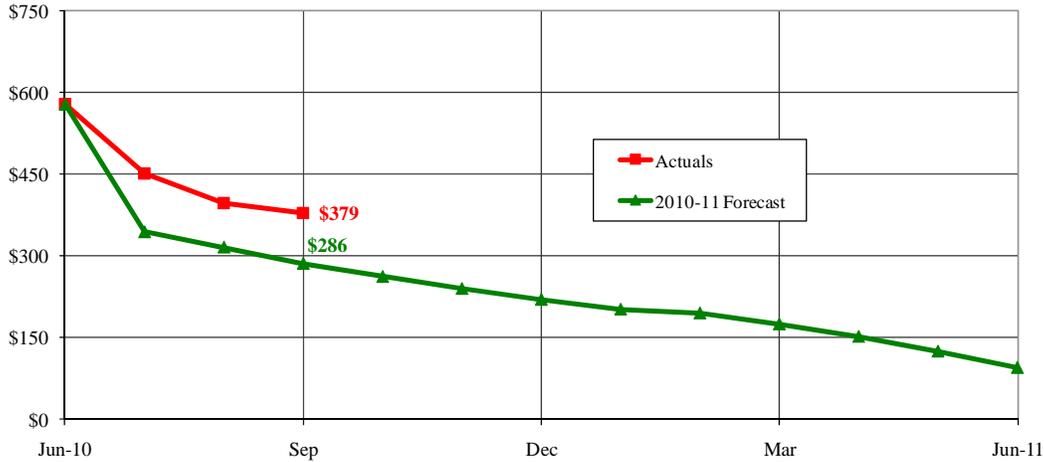
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$143	\$143	N/A	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-59	-7	52	
Adjustments	0	-26	-26	
Ending Cash Balance	\$84	\$110	\$26	31%

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRANSPORTATION INVESTMENT FUND

Transportation Investment Fund (TIF) 12-Month Cash Forecast (\$ in millions)



Year-to-Date TIF Summary

The TIF ending cash balance for the first quarter was \$379 million, \$93 million (33 percent) above forecast. TIF is no longer receiving revenue due to ABX8 6 and ABX8 9, the Fuel Tax Swap. Expenditures totaled \$72 million, \$60 million (45 percent) below forecast. Net adjustments for the first quarter were a positive \$33 million. The difference between the forecast and actual ending cash balance is due to expenditures being lower than anticipated.

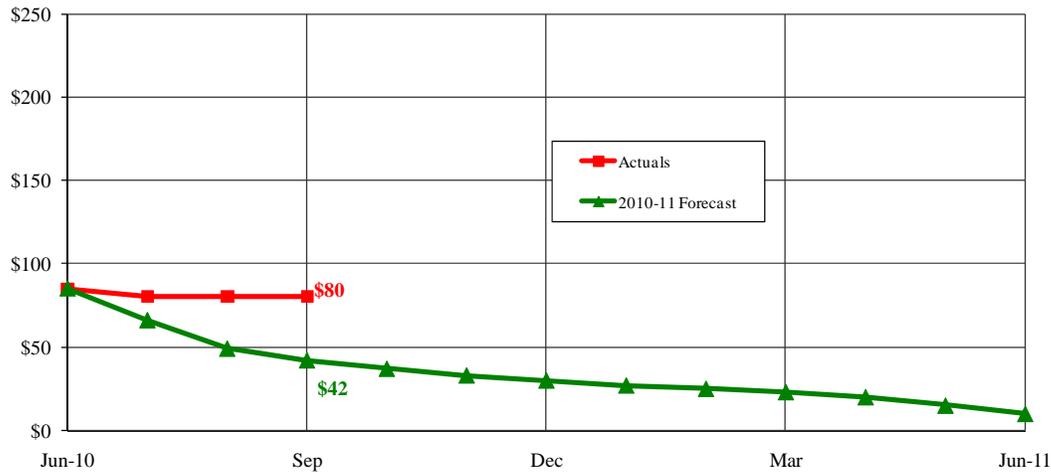
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$578	\$578	N/A	
Revenues	0	0	0	
Transfers	-160	-160	0	
Expenditures	-132	-72	60	
Adjustments	0	33	33	
Ending Cash Balance	\$286	\$379	\$93	33%

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRANSPORTATION DEFERRED INVESTMENT FUND

Transportation Deferred Investment Fund (TDIF) 12-Month Cash Forecast (\$ in millions)



Year-to-Date TDIF Summary

The TDIF ending cash balance for the first quarter was \$81 million, \$39 million (93 percent) above forecast. Net adjustments through the first quarter were a negative \$5 million. The difference between the forecast and actual ending cash balance is due to a delay in expenditures being processed because of a low cash balance and the prolonged budget impasse. TDIF allocations were a one-time occurrence as a result of a General Fund repayment in FY 2006-07. The forecast assumes the continued pattern of project expenditures until funds are exhausted. There will be no future allocations from the TDIF unless project savings are generated.

Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$85	\$85	N/A	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-43	0	43	
Adjustments	0	-5	-5	
Ending Cash Balance	\$42	\$81	\$39	93%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – FEDERAL EMERGENCY PROJECTS

There have been no new disaster declarations for the quarter ending September 30, 2010, nor has the Department received any new Emergency Relief allocations from the Federal Highway Administration (FHWA). The chart below represents disasters that have not been completely funded by FHWA.

Disaster Repair Costs Approved Federal Funding and State/Local Impact (\$ millions)			
Disaster	Identified Cost of Disaster Repair		
	State	Local	Total
Dec. 2004 Storm CA05-1	\$210	\$101	\$311
Dec. 2005 Storm CA06-1	334	58	392
So. California Wildfires CA08-3	27	33	60
California Wildfires CA08-6	9	0	9
So. California Wildfires CA09-1	8	0	8
So. California Wildfires CA09-2	12	7	19
Jan. 2010 Storm CA10-1	80	24	104
Humboldt Co. Earthquake CA10-2	1	3	4
Imperial Co. Earthquake CA10-3	1	7	8
Total Damage Estimate	\$682	\$233	\$915
Amount Obligated To Date			\$756
Allocation Available for Future Project Costs			\$15
Remaining Need			\$144

Future federal emergency relief of this type can only be used to fund emergency projects and does not represent new capacity, except to the extent that SHA funds have already been advanced for emergency projects.

APPENDIX D – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of September 30, 2010 (\$ in millions)			
FUND	Original Loan	Loans/Interest Paid-to-Date	Remaining Balance
Pre-Proposition 42 (Tribal Gaming Revenue):			
State Highway Account (SHA)	\$473	\$341	\$132
Public Transportation Account (PTA)	275	10	265
Traffic Congestion Relief Fund (TCRF)	482	0	482
Subtotal Pre-Proposition 42 Tribal Gaming Loans:	\$1,230	\$351	\$879
Proposition 42:			
Public Transportation Account (PTA)	\$220	\$218	\$2
Transportation Investment Fund (TIF)	440	440	0
Transportation Congestion Relief Fund (TCRF) ¹	1,066	650	416
Locals	440	440	0
Subtotal Proposition 42 Loans:	\$2,167	\$1,749	\$418
General Fund Loan:			
State Highway Account (SHA) ²	\$335	\$0	\$335
Other transportation accounts	31	0	31
Subtotal General Fund Loan:	\$366	\$0	\$366
Totals:	\$3,762	\$2,100	\$1,662

Note: Numbers may not add due to rounding.

¹The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in 2019-20.

²The SHA is expected to be repaid \$335 million in 2012-13.

Pre-Proposition 42 Loans (Tribal Gaming)

The Pre-Proposition 42 loans occurred in 2001-02 when the State was faced with a growing budget deficit and looked to transportation funds to help fill the budget shortfall. The Transportation Refinancing Plan, Assembly Bill (AB) 438 (Chapter 113, Statutes of 2001), authorized a series of loans that included delaying the transfers of gasoline sales tax to transportation for two years (until 2003-04), a TCRF loan to the General Fund, and loans from the SHA and PTA to the TCRF. In 2004-05, the Governor negotiated tribal gaming compacts to repay these loans through bonds, but legal challenges have prevented the bonds from being issued. In 2005-06, the Director of Finance began using the compact revenues to make annual payments towards these loan balances pursuant to GC Section 63048. The SHA is expected to be repaid \$100 million in 2011-12 and approximately \$32 million in 2012-13. The PTA repayment is expected to begin in 2015-16 and will be completed in 2017-18. The TCRF repayment is expected to begin in 2011-12 and will be completed in 2019-20. **However, there is no specific repayment plan required by statute, and no deadline for repayment of loans.**

Proposition 42 Loans

In March 2002 Proposition 42 made the transfer of gasoline sales tax to transportation permanent. However, as state budget shortfalls continued, Proposition 42 transfers were partially suspended in 2003-04 and completely suspended in 2004-05, creating the Proposition 42 loan balances. These loans were partially repaid in 2006-07 with a payment of \$1.415 billion, leaving approximately \$752 million due to the TCRF. Outstanding Proposition 42 Loans, as of July 1, 2007, shall be repaid in annual installments not less than one-tenth of the total amount required to be transferred by June 30, 2016.

With the passage of Proposition 1A in 2006, future suspensions of Proposition 42 transfers are limited to only two times during any 10-year period and these loans must be repaid within three years.

General Fund Loans

The Budget Act of 2008 authorized \$230.7 million in loans to the General Fund from the SHA, the Bicycle Transportation Account, the Local Airport Loan Account, the Motor Vehicle Fuel Account, the Environmental Enhancement and Mitigation Program, the Historic Property Maintenance Fund, and the Pedestrian Safety Account. These funds were transferred to the General Fund on November 14, 2008. The authorized \$230.7 million in loans was scheduled to be repaid by June 30, 2011. The Budget Act of 2010 delayed the repayments by one year. These loans are now required to be repaid, with interest calculated at the rate earned by the PMIA, by June 30, 2012. Repayments will be made to ensure that the programs supported by the SHA are not adversely affected by the loan.

A \$135 million loan from the SHA to the General Fund was authorized in the 2009-10 Budget. The loan to the General Fund occurred on June 30, 2010. This loan is required to be repaid no later than June 2012.

The 2010-11 Budget authorized an \$80 million in loan to the General Fund from the SHA, and a \$29 million loan from the PTA. Because there was no Budget in place, these funds were not transferred in first quarter. These loans are required to be repaid, with interest calculated at the rate earned by the PMIA, by June 30, 2014.

Inter-Fund Transportation Loans

Fiscal Year Borrowed	From Account	To Account	Description	Amount	Repaid	Remaining Balance
2008-09	TCRF	SHA	Backfill SHA transfer to the GF	\$200	0	\$200
	TCRF	PTA	Cover PTA expenditures per GC 14556.85	60	0	60
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	0	135
Totals				\$395	\$0	\$395

A loan of \$200 million was transferred in 2008-09 to the SHA from the TCRF to backfill the \$200 million loan to the GF. The TCRF also loaned the PTA \$60 million to cover PTA expenditures. A loan of \$135 million was transferred in 2009-10 to the SHA from the PTA to backfill the \$135 million loan to the GF.