

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 23-24, 2011

Reference No.: 3.9
Information Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Steven Keck
Division Chief
Budgets

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

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

Attachment



Department of Transportation Quarterly Finance Report

Second 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 | 3/23/11 | |
| 2010-11 Q3 | Close of Quarter | 3/31/11 | |
| | Quarterly Report to Commission Staff | 5/15/11 | |
| | Presented to Commission | 6/22/11 | |
| 2011-12 | 2010-11 Q4 | Close of Quarter | 6/30/11 |
| | | Quarterly Report to Commission Staff | 8/31/11 |
| | | Presented to Commission | 9/14/11 |

Department of Transportation Quarterly Finance Report

Second Quarter 2010-11

EXECUTIVE SUMMARY

| 2010-11 Capital Allocations vs. Capacity Summary through December 31, 2010 (\$ in millions) | | | | | |
|---|--------------------|-------------------|------------|--------------------|----------------|
| | SHOPP ¹ | STIP ¹ | TCRP | BONDS ³ | TOTAL |
| Total Allocation Capacity | \$2,057 | \$1,094 | \$84 | \$3,643 | \$6,878 |
| Total Votes | 1,130 | 580 | 76 | -33 | \$1,753 |
| Authorized Changes ² | -94 | -12 | -1 | N/A | -\$107 |
| Total Remaining Capacity | \$1,021 | \$526 | \$9 | \$3,676 | \$5,232 |

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.

³Bonds capacity changed due to an error see correction on page 6. Bonds capacity include total: \$101M (Prop 1A); \$3.542B (Prop 1B).

Through the second quarter of 2010-11, the Commission has allocated \$1.753 billion toward 238 projects. This represents approximately 25 percent of the \$6.878 billion total capacity approved by the Commission. Adjustments totaled \$107 million, leaving \$5.232 billion in remaining capacity.

The major issue this quarter has centered around the interpretation and implementation of Propositions 22 and 26 (which the voters approved on November 2, 2010). These are complex measures that made numerous changes to the State's Constitution, which in turn changes the way transportation funds are allocated.

Proposition 22 no longer allows the State to use fuel tax revenues to reimburse the General Fund (GF) for transportation debt service. Similarly, the borrowing of fuel tax funds is also prohibited. This has an immediate impact of increasing the current year GF budget deficit by approximately \$900 million. It was also noted that it does not explicitly prohibit the use of weight fees for the payment of debt service or GF loans.

The Governor's December special session package proposes to transfer vehicle weight fee revenues to the General Fund. This would provide approximately \$850 million in budget solutions in 2010-11 and \$727 million in 2011-12 by reimbursing the GF with weight fee revenues for certain transportation bond debt service costs. The LAO recommended adopting the Governor's proposal and borrowing the remaining \$50 million in weight fees to help address the state's current GF deficit. Under the proposal, the fuel tax revenues that would have helped the GF prior to Proposition 22 are now available for transportation programs. The swap as proposed is intended as a net sum zero impact on the funds available for transportation; however the PTA portions would now be deducted from the SHA causing an estimated \$123 million shortfall on that account.

On December 21, 2010, the U.S. Senate voted 79-16 to temporarily extend the federal highway and transit programs through March 4, 2011, as well as, appropriations for the U.S. Department of Transportation and other government agencies.

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 | \$149 | -\$26 | \$123 | \$77 |
| Prop 1B SHOPP | 57 | 0 | 0 | 0 | 57 |
| FTF | 1,800 | 981 | -68 | 913 | 887 |
| Total | \$2,057 | \$1,130 | -\$94 | \$1,036 | \$1,021 |

Capital Allocations vs. Capacity

SHOPP allocations totaled \$1.13 billion toward 110 projects through the second quarter, representing 55 percent of the \$2.057 billion approved capacity. Adjustments totaled \$94 million and resulted in net allocations of \$1.036 billion. Federal resources comprise the majority of the remaining capacity.

Outlook for Funding & Allocations

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 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 June 30, 2012.

Proposition 26 as interpreted may repeal the fuel tax swap effective November 3, 2011, and return the state to taxing fuels as it did prior to the passage of the swap. It has also been speculated that the previous taxation may not return. While the full impact is still unclear, it is likely that the state will lose flexibility in how it uses transportation funds and that the allocation of transportation funds for various purposes would change significantly.

During the first and second quarters, the Department successfully utilized numerous strategies to keep the SHA solvent, including interfund loans to the SHA to meet existing obligations. HUTA payments, which had been delayed because of the budget impasse, were received by the Department in the second quarter.

Depending on the implementation of Propositions 22 and 26, 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 | \$224 | \$0 | \$224 | -\$24 |
| PTA | 225 | 98 | 0 | 98 | 127 |
| TIF | 0 | 0 | -8 | -8 | 8 |
| FTF | 200 | 258 | -4 | 254 | -54 |
| Prop 1B STIP | 469 | 0 | 0 | 0 | 469 |
| Total | \$1,094 | \$580 | -\$12 | \$568 | \$526 |

Capital Allocations vs. Capacity

Of the \$1.094 billion STIP capacity, a net total of \$580 million was allocated through the second quarter of 2010-11, including adjustments totaling \$12 million in award savings. There were 128 projects allocated through the second quarter, with a total remaining capacity of \$526 million. The bulk of the remaining capacity is bond resources.

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). The issue ahead of us is what will be the actual amount of loans needed to help provide relief to the GF. A transfer of \$850 million in 2010-11 and \$726.7 million in 2011-12 in weight fee revenues from the SHA to the GF is proposed for the payment of transportation-related debt services and for loans. The upcoming budget negotiation will finalize the loan amounts and the Department will monitor potential impacts.

Public Transportation Account (PTA). The PTA was utilized extensively in the first week of the quarter to provide two short term loans for the SHA to insure solvency. The loans totaled \$275 million, due to the budget impasse suspending HUTA transfers. With over \$1.7 billion of outstanding loans from transportation accounts to the GF, interfund loans are often required to maintain the solvency of the other transportation funds. This passage of Proposition 22 eliminated any transfers or interfund loans from the PTA to any other fund in the State Treasury.

Transportation Facilities Account (TFA). As the economy continues to struggle, bond sales have not been sufficient to fund new capacity. The fall 2010 bond sale by the State Treasurer's Office (STO), raised \$1.129 billion in Proposition 1B bond proceeds.

Federal Trust Fund (FTF). The FTF is over-allocated for STIP, but is expecting to be able to recoup most, if not all the difference thru award savings. Because the Department does not have a clear picture of Federal funding, the Department will not be recommending further allocations at this time.

Recommendations

The Department will monitor potential impacts and, if necessary, recommend a change to the 2010-11 capacity. Because State and Federal STIP is over-allocated the department recommends the deferral of future STIP SHA and FTF funded projects.

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 | \$-1 | \$75 | \$9 |
| Total | \$84 | \$76 | \$-1 | \$75 | \$9 |

Capital Allocations vs. Capacity

There were no allocations from the TCRP during the second quarter. At the end of the fourth quarter of 2009-10 the TCRP was over-allocated by \$76 million which has been deducted from current year capacity on the chart above. As a result, only \$9 million of the \$84 million 2010-11 allocation capacity is available for allocation.

Outlook for Funding & Allocations

Approximately \$898 million in loan repayments are still outstanding from the GF (refer to Appendix D). TCRP receives \$83 million annually for repayment of \$416 million in outstanding Proposition 42 loans. These payments are expected to continue through June of 2020. 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, and there is no specific repayment plan required by statute, and no deadline for repayment of loans.

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 | 424 | 0 | \$424 |
| Local Bridge Seismic | 24 | 0 | \$24 |
| Grade Separations | 216 | 0 | \$216 |
| Traffic Light Synch. | 182 | 0 | \$182 |
| Route 99 | 343 | -22 | \$365 |
| Total | \$3,542 | -\$22 | \$3,564 |

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 second quarter.

Outlook for Funding & Allocations

As the result of bond sales undertaken by the State Treasurer's Office during the second quarter of 2010-11, the Department received a total of \$1.129 billion in Proposition 1B bond proceeds. Of the amount, \$654 million is from tax-exempt bonds and \$475 million is from taxable Build America Bonds. Subsequent to the bond sales, the STO announced that no further bond sales are planned in 2010-11.

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 |
| TDIF | 0 | 0 | 0 | 0 | 0 |
| <i>Prop 1A Bonds *</i> | 0 | 0 | 0 | 101 | 101 |
| <i>Prop 1B Bonds *</i> | 57 | 469 | 0 | 3,542 | 4,068 |
| Total Capacity | \$2,057 | \$1,094 | \$84 | \$3,643 | \$6,878 |

* Subject to Bond Sales

The 2010-11 allocation capacity of \$6.878 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 remaining bond authority 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.
- The increase from \$333 million to \$424 million in Proposition 1B, the State and Local Partnership Program, was because the Mass Transportation's portion was not added in initially. In 2009-10 Mass Trans and Local was combined. In 2010-11 and beyond they have them broken down separately, and initially the 91 million was accounted for in Proposition 1B capacity.

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 second quarter with a cash balance of \$222 million, \$84 million (27 percent) below forecast. The low cash balance was the result of lower revenues, specifically excise tax, and higher than forecast expenditures. Revenue and transfers year-to-date were \$1.5 billion, \$257 million (15 percent) below forecast. Expenditures through the second quarter totaled \$1.9 billion, \$112 million (6 percent) above forecast. Adjustments, which represent revenue receipt timing differences, totaled a positive \$285 million.

As expected, the October cash balance dropped due to a loan of \$80 million in to the GF, and a transfer of \$62 million made to the Transportation Debt Service for Non-Article XIX, Section 183.1. In addition, a short-term loan of \$140 million from the PTA was transferred to the SHA in October to ensure adequate funding for ongoing commitments.

The first quarter expected HUTA payments were actually received in the second quarter (October and November 2010). HUTA transfers for STIP had been forecast to begin in the first quarter, though no payments have been received for this new revenue stream from the fuel tax swap.

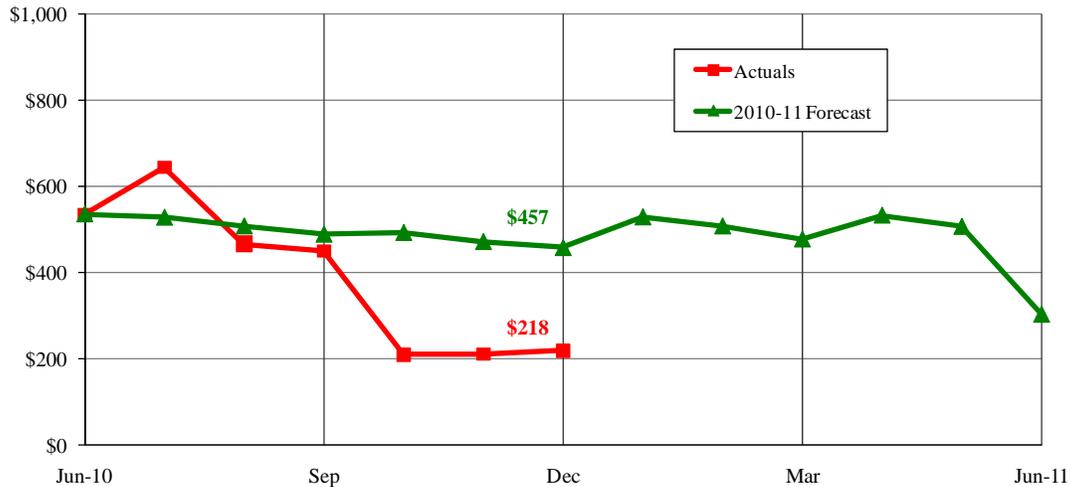
Year-to-Date Reconciliation

| | (\$ in millions) | | | |
|-------------------------------|------------------|--------------|--------------|-------------|
| | Forecast | Actual | Difference | % |
| Beginning Cash Balance | \$334 | \$334 | N/A | |
| Revenues | 1,755 | 1,498 | -258 | |
| Transfers | -9 | -8 | 1 | |
| Expenditures | -1,775 | -1,887 | -112 | |
| Adjustments | 0 | 285 | 285 | |
| Ending Cash Balance | \$306 | \$222 | -\$84 | -27% |

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 second quarter, ending December 31, 2010 was \$218 million; \$238 million (52 percent) lower than forecast. The difference is largely due to two short-term interfund loans totaling \$275 million to the State Highway Account to ensure adequate funding for ongoing commitments. In addition, transfers include \$91 million Transportation Debt Service Fund transfers, \$60 million from Transportation Investment Fund, and a \$29 million General Fund loan. Total net adjustments to the PTA were a positive \$46 million. The PTA net adjustments are the result of timing differences between the Department's system and SCO and include PFA's, reimbursements and items in transit.

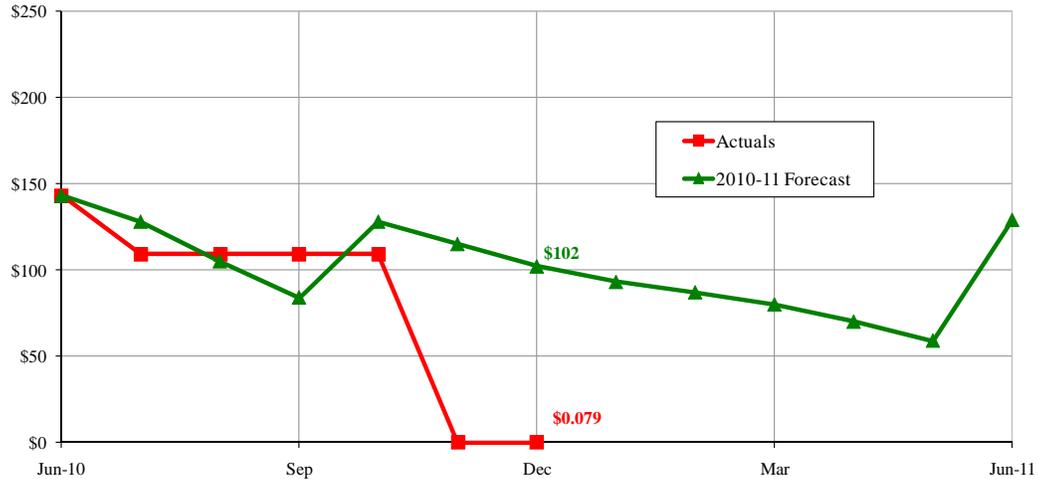
Year-to-Date Reconciliation

| | (\$ in millions) | | | |
|-------------------------------|------------------|--------------|---------------|-------------|
| | Forecast | Actual | Difference | % |
| Beginning Cash Balance | \$620 | \$620 | N/A | |
| Revenues | 82 | 66 | -16 | |
| Transfers | -54 | -335 | -281 | |
| Expenditures | -15 | -2 | 13 | |
| Adjustments | -176 | -130 | 46 | |
| Ending Cash Balance | \$457 | \$218 | -\$238 | -52% |

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 second quarter was \$79 thousand, \$102 million (99 percent) below the forecast amount. Expenditures were \$165 million, \$64 million (64 percent) above forecast. Transfers totaled \$157 million, \$97 million (162 percent) above forecast. The low forecast ending cash balance is attributed to the processing of outstanding expenditures from the previous year which were higher than anticipated. Also as part of the conversion from TRAMS to EFIS, it was necessary to process December adjustments resulting in temporary differences between TCRF fund balance figures and Departmental projections. Subsequent adjustments in January and the \$60 million loan payback from PTA should bring the TCRF balances back into alignment in the Third Quarter. There were no revenues for the second quarter.

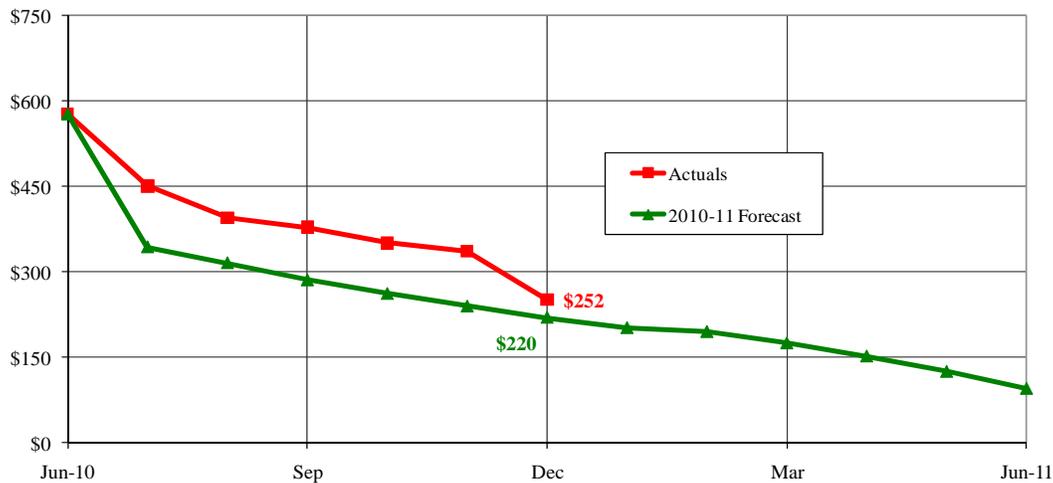
Year-to-Date Reconciliation

| | (\$ in millions) | | | |
|-------------------------------|------------------|----------------|---------------|--------------|
| | Forecast | Actual | Difference | % |
| Beginning Cash Balance | \$143 | \$143 | N/A | |
| Revenues | 0 | 0 | 0 | |
| Transfers | 60 | 157 | 97 | |
| Expenditures | -101 | -165 | -64 | |
| Adjustments | | -135 | -135 | |
| Ending Cash Balance | \$102 | \$0.079 | -\$102 | -100% |

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 second quarter was \$252 million, \$32 million (15 percent) above forecast. Transfers totaled \$220 million, \$60 million (38 percent) above forecast, which includes a \$60 million short-term loan to PTA to cover ongoing commitments. Expenditures totaled \$126 million, \$72 million (37 percent) below forecast. Net adjustments for the second quarter were a positive \$20 million. The difference between forecast and actuals is expenditures were lower than anticipated. TIF is no longer receiving revenue due to ABX8 6 and ABX8 9, the Fuel Tax Swap.

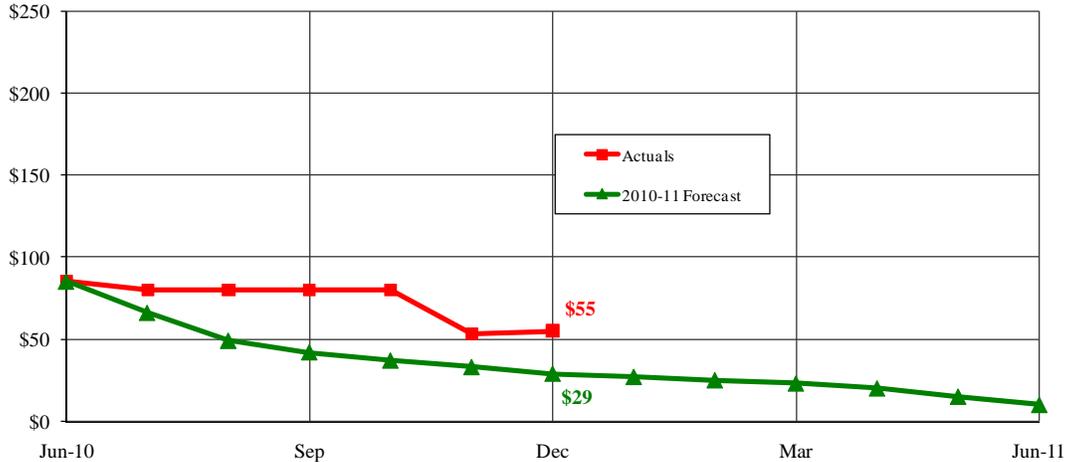
Year-to-Date Reconciliation

| | (\$ in millions) | | | |
|-------------------------------|------------------|--------------|-------------|------------|
| | Forecast | Actual | Difference | % |
| Beginning Cash Balance | \$578 | \$578 | N/A | |
| Revenues | 0 | 0 | 0 | |
| Transfers | -160 | -220 | -60 | |
| Expenditures | -198 | -126 | 72 | |
| Adjustments | 0 | 20 | 20 | |
| Ending Cash Balance | \$220 | \$252 | \$32 | 15% |

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 second quarter was \$55 million, \$26 million (90 percent) above forecast. Transfers totaled \$23 million. Expenditures totaled \$22 million, \$34 million (61 percent) below forecast. Net adjustments through the second quarter were a negative \$32 million. The difference between the forecast and actual ending cash balance is due to the delay in expenditures being processed. 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 | 23 | 23 | |
| Expenditures | -56 | -22 | 34 | |
| Adjustments | 0 | -32 | -32 | |
| Ending Cash Balance | \$29 | \$55 | \$26 | 90% |

Note: Ending cash balance may differ due to rounding.

APPENDIX C – FEDERAL EMERGENCY PROJECTS

For the quarter ending December 31, 2010, the Federal Highway Administration (FHWA) acknowledged the December 2010 storms as a “declared disaster”. However, there have not been any new allocations for Federal ER funding during this quarter. 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 | 242 | 112 | 354 |
| Dec. 2005 Storm CA06-1 | 355 | 64 | 419 |
| So. California Wildfires CA08-3 | 29 | 7 | 36 |
| California Wildfires CA08-6 | 9 | 0 | 9 |
| So. California Wildfires CA09-1 | 11 | 0 | 11 |
| So. California Wildfires CA09-2 | 10 | 7 | 17 |
| Jan. 2010 Storm CA10-1 | 63 | 3 | 66 |
| Humboldt Co. Earthquake CA10-2 | 1 | 2 | 3 |
| Imperial Co. Earthquake CA10-3 | 1 | 7 | 8 |
| Dec. 2010 Storm CA11-1 | 7 | 4 | 11 |
| Total Damage Estimate | \$728 | \$206 | \$934 |
| Amount Obligated To Date | | | \$736 |
| Allocation Available for Future Project Costs | | | \$13 |
| Remaining Need | | | \$185 |

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 December 31, 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 | \$415 | \$0 | \$415 |
| Public Transportation Account ³ | \$29 | \$0 | \$29 |
| Other transportation accounts | 31 | 0 | 31 |
| Subtotal General Fund Loan: | \$475 | \$0 | \$475 |
| | | | |
| Totals: | \$3,871 | \$2,100 | \$1,771 |

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 \$200 million in 2011-12, \$135 million in 2012-13 and \$80 million in 2013-14.

³The PTA is expected to be repaid \$29 million in 2013-14.

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, with interest calculated at the rate earned by the PMIA, by June 30, 2013.

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. These transfers to the General Fund occurred on October 14, 2010. 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 |
| 2010-11 | PTA | SHA | Cover SHA expenditures per GC 14556.7 | 140 | 0 | 140 |
| | TIF | PTA | Cover PTA expenditures per GC 14556.7 | 60 | 0 | 60 |
| Totals | | | | \$595 | \$0 | \$595 |

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. In addition, a short-term loan of \$140 million from the PTA was transferred to the SHA in October 2010 to ensure adequate funding for ongoing commitments. A loan of \$60 million was transferred in 2010-11 to the PTA from the TIF to cover PTA expenditures.