

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

POLICY MATTERS
AB 1012 Loan Program
Information Item

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Agenda Item: 4.3

Original Signed By

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June 1, 2001

SIX-MONTH ESTIMATE OF LOAN CAPACITY UNDER AB 1012

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 (STIP) and that are included within an adopted Regional Transportation Plan (RTP). Loans are limited with a maximum of \$500 million to be outstanding at any one time, with 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 during which the funds will be available. Estimates of funding availability were presented to the Commission at the December 2000 meeting. The Commission adopted Resolution G-00-33 providing \$300 million over four-years, \$400 million over two-years, and \$500 million over one-year as the amount available for loans during this period. As of June 7, 2001, no loans have been made and no applications have been received from counties. Caltrans' staff has indicated that informational outreach efforts to the counties regarding this program have been expanded.

DISCUSSION

The available cash balance in the SHA is \$1.6 billion against which \$2.0 billion is committed (as of March 31, 2001). Based on the cash-flow needs of the STIP for the following six months, the potential loan strategy of \$300 million over four years may be considered without jeopardizing funding of the Department's daily operation.

The adoption of these strategies would provide flexibility to meet the needs of the counties submitting applications. Depending upon the requests received, the appropriate loan option(s) would be selected and presented to the Commission for their consideration during the loan approval process.

RECOMMENDATION

The Department recommends the California Transportation Commission adopt the loan strategies as presented above.