

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

POLICY MATTERS  
AB 1012 Loan Program  
Information Item

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CTC Meeting: December 5-6, 2000

Agenda Item: 4.11

*Original Signed By*  
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Finance  
November 27, 2000

## **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 June 2000 meeting. The Commission adopted Resolution G-00-16 providing \$300 million over four years as the amount available for loans during this period. As of November 15, 2000, 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 Revised 2000 SHA Fund Estimate identified about \$615 million in additional state resources to fund STIP projects. The available cash balance in the SHA is \$1.4 billion against which \$2.4 billion is committed (as of September 30, 2000). Based on the cash-flow needs of the STIP for the following six months, the following potential loan strategies may be considered without jeopardizing funding of the Department's daily operations:

- ◆ \$300 million over four years
- ◆ \$400 million over two years
- ◆ \$500 million for one year

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.

**CALIFORNIA TRANSPORTATION COMMISSION  
State Highway Account Loan Program  
Estimated Loan Capacity under AB1012**

**Resolution G-00-\_\_**

- 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 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 Caltrans 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, at the December 2000 Commission meeting, Caltrans presented the potential loan strategies of \$300 million over a four-year loan period, \$400 million over a two-year loan period, and \$500 million over a one-year loan period, and
- 1.6 WHEREAS, use of the three strategies would provide flexibility to meet the needs of the counties submitting applications, and
- 1.7 WHEREAS, depending upon the requests received, the appropriate loan strategy would be selected and presented to the Commission for consideration during the loan approval process.
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission does hereby adopt the three strategies to be used to select the appropriate loan strategy depending on the number of, length of, and amount of, county applications received, and
- 2.2 BE IT FUTURE RESOLVED that the Department will present the proposed strategy to the Commission for their consideration during the loan approval process at such time as applications are received.