

DEPARTMENT OF TRANSPORTATION

M e m o r a n d u m

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 25-26, 2003

Reference No.: 4.8
Action ItemFrom: ROBERT L. GARCIA
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Chief
Division of BudgetsRef: **SIX-MONTH ESTIMATE OF LOAN CAPACITY UNDER AB 1012,
RESOLUTION G-03- , REPLACING RESOLUTION G-02-24****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). The maximum amount of funds that may be loaned to any single county for one or more projects is \$100 million, with a \$500 million maximum on the total amount of outstanding loans at any one time. 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. The Department of Transportation (Department) presented funding availability to the Commission at the December 2002 meeting. The Commission adopted Resolution G-02-24 recommending that no loans be considered due to the projected low ending cash balance and economic conditions.

DISCUSSION:

The available cash balance in the SHA is \$360 million against which \$1.5 billion is committed (as of April 2003). The projected ending cash balance of \$546 million for June 2004 was originally presented at the March 2003 Commission meeting. Since that time additional allocations have been made against this balance. Therefore, given the current economic condition and the projected low ending cash balance the Department continues to recommend that no loans be considered.

However, upon receiving a loan request and assessing the impact to the cash balance at that time, the Department will present the loans to the Commission for their consideration during the loan approval process.

RECOMMENDATION:

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

Attachment

CALIFORNIA TRANSPORTATION COMMISSION
State Highway Account Loan Program
Six-Month Estimated Loan Capacity under AB1012

Resolution G-03-__, Replacing Resolution G-02-24

- 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, 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, at the June 2003 Commission meeting, the Department presented the potential loan strategy of no loans, and
- 1.6 WHEREAS, the Department cannot make any loans without jeopardizing funding of the Department’s daily operations.
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission does hereby adopt the strategy of no loans, and
- 2.2 BE IT FUTURE RESOLVED that the Department will present all loan applications, to the Commission for their consideration during the loan approval process, at such time as applications are received.