

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 25-26, 2005

Reference No.: 4.3
Action Item

From: CINDY MCKIM
Chief Financial Officer

Prepared by: Norma Ortega
Chief
Division of Budgets

Ref: **ADOPTION OF 2006 FUND ESTIMATE ASSUMPTIONS**

Biennially, the California Department of Transportation (Department) at the direction of the California Transportation Commission (Commission) develops the State Transportation Improvement Program (STIP) Fund Estimate (FE). The 2006 FE includes five-year estimates for the State Highway Account (SHA), the Public Transportation Account (PTA), the Transportation Investment Fund (TIF), and the Transportation Deferred Investment Fund (TDIF).

The purpose of the FE is to provide both an estimate of all Federal and State funds reasonably expected to be available for programming in the subsequent STIP, and a plan to manage these funds over the subsequent five years.

In addition, the Department also prepares a Fund Estimate of the Aeronautics Account. Both the STIP FE and the Aeronautics FE will cover the years 2006-07 through 2010-11, with the 2005-06 year included as the base year.

Government Code Section 14524 (d) specifies that the Commission determine the method by which the estimates are determined, in consultation with the Department, transportation planning agencies, and county transportation commissions.

The first step in this important process is the development of the underlying assumptions to be used in projecting the various categories of revenues and expenditures for each account. Direction regarding the assumptions is a key input to determining the Fund Estimates. A draft of the assumptions developed based on comments provided at the April 13, 2005 workshop will be made available at least one week prior to the May 25-26, 2005 Commission meeting, for adoption at the meeting.