

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 10-11, 2009

Reference No.: 3.5  
Information Item

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Chief Financial Officer

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Budgets

Subject: **FY 2008-09 THIRD QUARTER FINANCIAL REPORT**

Attached is the Department of Transportation's Fiscal Year 2008-09 3rd Quarter Financial Report. This report has been discussed with the Commission's Executive Committee.

Attachment



# Department of Transportation Quarterly Finance Report

## Third Quarter 2008-09

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 2008-09 Quarterly Finance Report.

**California Department of Transportation  
Quarterly Finance Report  
Schedule of Reports**

<b>Fiscal Year</b>	<b>Quarterly Report</b>	<b>Activity</b>	<b>Date</b>
<b>2008-09</b>	<b>2007-08 Q4</b>	<b>Close of Quarter</b>	<b>6/30/08</b>
		<b>Quarterly Report to Commission Staff</b>	<b>9/1/08</b>
		<b>Presented to Commission</b>	<b>9/24/08</b>
	<b>2008-09 Q1</b>	<b>Close of Quarter</b>	<b>9/30/08</b>
		<b>Quarterly Report to Commission Staff</b>	<b>11/15/08</b>
		<b>Presented to Commission</b>	<b>12/10/08</b>
	<b>2008-09 Q2</b>	<b>Close of Quarter</b>	<b>12/31/08</b>
		<b>Quarterly Report to Commission Staff</b>	<b>2/15/09</b>
		<b>Presented to Commission</b>	<b>3/11/09</b>
	<b>2008-09 Q3</b>	<b>Close of Quarter</b>	<b>3/31/09</b>
		<b>Quarterly Report to Commission Staff</b>	<b>5/15/09</b>
		<b>Presented to Commission</b>	<b>6/10/09</b>
<b>2009-10</b>	<b>2008-09 Q4</b>	<b>Close of Quarter</b>	<b>6/30/09</b>
		<b>Quarterly Report to Commission Staff</b>	<b>8/31/09</b>
		<b>Presented to Commission</b>	<b>9/9/09</b>

# Department of Transportation Quarterly Finance Report

*Third Quarter 2008-09*

## **Executive Summary**

With the enactment of the 2009-10 Budget and signing of the American Recovery and Reinvestment Act of 2009 (Recovery Act) on February 17, 2009, the 2008-09 allocation capacity has been revised to \$6.3 billion. This reflects the estimated \$541 million of Recovery Act funding to be allocated in 2008-09, and the retaining of \$100 million in Tribal Gaming revenues by the General Fund in 2008-09. (See Appendix A)

Through the third quarter of 2008-09, the Commission allocated \$3 billion toward 446 projects, representing 47 percent of the total 2008-09 capacity of \$6.3 billion (see Appendix A for 2008-09 allocation capacity by fund).

<b>2008-09 Capital Allocations vs. Capacity Summary through March 31, 2009 (\$ in millions)</b>					
	<b>SHOPP<sup>1</sup></b>	<b>STIP<sup>1</sup></b>	<b>TCRP</b>	<b>BONDS</b>	<b>TOTAL</b>
Total Allocation Capacity	\$1,812	\$1,387	\$110	\$3,020	\$6,329
Total Votes	\$1,207	\$610	\$111	\$1,028	\$2,956
Authorized Changes <sup>2</sup>	-\$230	-\$30	\$0	N/A	-\$260
<b>Total Remaining Capacity</b>	<b>\$835</b>	<b>\$808</b>	<b>N/A</b>	<b>\$1,992</b>	<b>\$3,634</b>

Note Totals may not add due to rounding

<sup>1</sup>Proposition 1B bond and Recovery Act capacity included in total: \$598 million (SHOPP); \$1.037 billion (STIP).

<sup>2</sup>Authorized changes include project increases and decreases pursuant to the Commission's G-12 process, and project rescissions.

With the exception of the Public Transportation Account (PTA), cash balances for all the Department's major cash funds were within acceptable range to the forecast. Although the PTA cash balance rose to \$67 million by April 2, the ending balance for March was near zero as a result of Homes-to-School expenditures of nearly \$200 million being posted, and no longer offsetting the continuing low revenues and higher expenditures (see Appendix B).

Given all of the uncertainty surrounding the outcome of the Special Election, Spring hearings, and possible changes from the May Revision, the Department is only recommending going forward with Transportation Enhancement (TE) project allocations, Project Planning and Monitoring (PPM) allocations, continuing with safety and emergency allocations, and completing the allocation of Recovery Act capacity for 2008-09. In light of the recent bond sales in April, the Department will also recommend proceeding with the allocation of a select group of Proposition 1B projects.

However, in order to allow time to assess the events in May, the Department will not be making a recommendation on the 2009-10 allocation capacity until the June meeting.

## Capital Allocations vs. Capacity

### Third Quarter Summary

Through March 31, 2009, the Commission allocated \$3 billion toward 446 projects, representing 47 percent of the \$6.3 billion 2008-09 allocation capacity. Total adjustments were \$278 million, leaving approximately \$3.6 billion in remaining capacity for fiscal year 2008-09.

**State Highway Operation Protection Program (SHOPP).** SHOPP allocations totaled \$1.2 billion through March, representing 67 percent of the \$1.8 billion capacity. The total number of SHOPP projects allocated through the third quarter was 262, including 4 SHOPP bond projects, 1 Grant Anticipation Revenue Vehicle (GARVEE) project, and 25 Recovery Act funded projects. Adjustments for award savings totaled \$230 million, leaving \$835 million in remaining capacity. Of the \$835 million in remaining capacity, \$111 million is bond capacity.

State Highway Operation and Protection Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$1,100	\$622	-\$188	\$434	\$666
Bond	86	18	-42	-24	\$110
GARVEE	114	114	N/A	N/A	N/A
Recovery Act	512	453	0	453	\$59
<b>Total</b>	<b>\$1,812</b>	<b>\$1,207</b>	<b>-\$230</b>	<b>\$410</b>	<b>\$835</b>

**State Transportation Improvement Program (STIP).** Of the \$1.4 billion STIP capacity, \$610 million was allocated through March, representing 44 percent of total capacity. The total number of projects allocated to date was 123, including 11 STIP bond projects. Adjustments for award savings totaled \$30 million. Remaining capacity totals \$808 million, all in bond and Recovery Act funds. The State Highway Account (SHA) and Transportation Investment Fund (TIF) are over-allocated by \$56 million. (see note below).

State Transportation Improvement Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$65	\$118	\$1	\$118	-\$53
PTA	50	50	0	50	\$0
TIF	225	236	-7	228	-\$3
TDIF	10	0	2	2	\$8
Bond	1,008	206	-26	180	\$828
Recovery Act	29	0	0	0	\$29
<b>Total</b>	<b>\$1,387</b>	<b>\$610</b>	<b>-\$30</b>	<b>\$579</b>	<b>\$808</b>

Note: The SHA STIP capacity is for Transportation Enhancement projects; however, previously approved federally funded Right-of-Way costs continue to charge against the SHA. These charges are expected to taper off in the coming years.

The TIF will remain over-allocated due to three Transportation Facilities Account (TFA) eligible projects. These projects were to be shifted to the TFA through technical changes in January, but were postponed when bond allocations were frozen. Because the Department will not likely be able to make these technical corrections by June, the TIF capacity for next fiscal year may be impacted. However, as discussed at the April meeting, the Department continues to recommend PPM and TE allocations.

**Traffic Congestion Relief Program (TCRP).** To date, TCRP allocations total \$111 million toward 12 projects. Adjustments totaling \$18 million were processed during the quarter to de-allocate three projects, resulting in \$17 million remaining capacity as of March 31, 2009.

<b>Traffic Congestion Relief Program</b>					
<b>(\$ in millions)</b>					
<b>Fund</b>	<b>Allocation Capacity</b>	<b>Allocations to Date</b>	<b>Adjustments</b>	<b>Net Allocations</b>	<b>Remaining Capacity</b>
<b>TCRF</b>	\$110	\$111	-\$18	\$93	17
<b>Total</b>	\$110	\$111	-\$18	\$93	\$17

**Other Bonds.** Other bond allocations to date total \$1 billion, or 34 percent of the \$3.0 billion capacity. The total number of bond projects allocated to date is 49. Since the last quarterly report, the State Treasurer has successfully executed the sale of California bonds. On April 2, \$6.54 billion in bonds were sold providing \$3.87 billion for reimbursement of existing bond expenditures, and \$2.67 billion in proceeds to provide direct “upfront” financing to bond funded projects. A portion of the proceeds will continue funding ongoing projects well into 2009-10, and allow some additional projects to be awarded.

<b>Other Bonds</b>					
<b>(\$ in millions)</b>					
<b>Fund</b>	<b>Allocation Capacity</b>	<b>Allocations to Date</b>	<b>Adjustments</b>	<b>Net Allocations</b>	<b>Remaining Capacity</b>
<b>Other Bonds</b>	\$3,020	\$1,028	N/A	\$1,028	\$1,992
<b>Total</b>	\$3,020	\$1,028	\$0	\$1,028	\$1,992

## ***Outlook for Funding & Allocations***

Since the last quarterly report, the 2009-10 Budget has been enacted, the state has received federal Recovery Act funds, and the State Treasurer has held two successful bond sales in April. However, the outcome of the Special Election, Spring Budget Hearings, and Department of Finance May Revision could still significantly impact transportation funding over the next year.

**2009-10 Budget.** On February 20, 2009, the Governor signed the 2009-10 Budget which included full funding of the Proposition 42 transfer of \$1.483 billion, but also other 2009-10 actions and 2008-09 mid-year changes that impact transportation. The Budget authorized retaining Tribal Gaming revenues for 2008-09 and 2009-10 in the General Fund, diverts spillover revenues to the Mass Transportation Fund, and eliminates the State Transit Assistance (STA) transfer through 2012-13. The Budget also reduced the STA transfer by \$153 million and reduced the Home-to-School expenditures to \$198 million in 2008-09.

**Recovery Act.** California will receive a total of \$2.57 billion in federal resources under the Recovery Act \$972 million will be available to fund rehabilitation and maintenance on the state highway system. ABX3-20 allows \$310 million of these funds to be loaned to fund Proposition 1B projects, and then repaid when bonds are sold, pursuant. All of the \$512 million of Recovery Act SHOPP funds will be allocated in 2008-09, with the \$310 million to be allocated when bond proceeds repay the loan.

**Bond Funding.** The State Treasurer sold \$6.5 billion in bonds on April 2. Most of the \$6.5 billion in proceeds will go toward reimbursing already incurred bond expenditures, to fund existing projects into 2009-10, and also allows award of some projects that were previously allocated, but not awarded. On April 23, the State Treasurer sold another \$6.9 billion in bonds. Of the \$6.9 billion in proceeds, \$5.23 billion is for Build America Bonds (BABs). The non-BABs proceeds will be used to make new Proposition 1B bond allocations. As a result, the Department is recommending in May the allocation of approximately \$180 million in bond projects including TFA, Corridor Mobility Improvement Account (CMIA), Trade Corridor Improvement Fund (TCIF) and Traffic Light Synchronization Program (TLSP).

### **SHOPP**

Since January, allocations were limited only to safety and emergency SHOPP projects and Recovery Act funded SHOPP projects.

Tribal Gaming revenues were not transferred in the current year thereby reducing the 2008-09 SHOPP capacity. For Fiscal Year (FY) 2009-10, we do not expect the Tribal Gaming Revenue, we forecast declining regular revenue along with the contingency payments to the Toll Bridge Seismic Retrofit Program beginning in 2009-10. As a result, SHA resources for SHOPP capacity will be substantially reduced.

## **STIP**

STIP allocations were halted in January because the outlook for funding was uncertain with the PMIB action to freeze Bond funding, pending budget proposals, and the cash crisis. The only STIP capacity remaining in 2008-09 is from Proposition 1B bonds and Recovery Act funding. With the recent bond sales in April and the Recovery Act funding, the Department will recommend proceeding with allocations for a select group of projects in the fourth quarter. Future funding for STIP remains uncertain at this time.

**Public Transportation Account (PTA).** Based on the 2009-10 Budget and revenue outlook, the PTA will likely provide little or no capacity for the STIP in the near term. Fuel prices and consumption have dropped dramatically from last year thereby reducing revenues by nearly half from forecasted levels in the 2008-09 Budget. In addition, the 2009-10 Budget redirects spillover revenues to the Mass Transportation Fund through 2012-13, and funds the Homes-to-School program from PTA resources. The STA transfer was eliminated through 2012-13 to offset some of this impact on the PTA.

**Transportation Investment Fund (TIF).** The 2009-10 Budget also authorized the \$1.483 billion Proposition 42 transfer, of which, \$593 million will be retained in the TIF. Most of these dollars will be needed to fund ongoing construction and support costs for the STIP.

**Transportation Facilities Account (TFA).** Most of the 2008-09 TFA allocation capacity was not allocated through the third quarter because of the PMIB's action in December 2008 and the unfavorable bond market climate. Now that bonds have been sold, allocations will resume on a limited basis until the bond market fully recovers. Once the TFA resources are fully allocated, STIP funding will not only decrease substantially in the out years, but the volatility and unreliability of these resources will become even more critical with funding coming almost solely from the TIF .

## **TCRP**

**Traffic Congestion Relief Fund (TCRF).** During the third quarter, three TCRF projects totaling approximately \$18 million were de-allocated. Because resources were over-allocated by approximately \$1 million, the \$18 million de-allocation brings the 2008-09 remaining TCRF allocation capacity to \$17 million. However, the funding outlook for the TCRP remains unchanged from the last quarter; approximately \$1.1 billion is still due from the General Fund (refer to Appendix E), and the 2009-10 Budget's retaining of Tribal Gaming compact revenues in 2008-09 and 2009-10 will further delay completion of the TCRP.

## **OTHER BONDS**

As previously mentioned, the State Treasurer was able to sell sufficient bonds in April to allow for new allocations. Consequently, the Department is recommending the allocation of approximately \$180 million in bond projects.

## **Recommendations**

Based on the current funding outlook and outstanding events in May, the Department recommends proceeding with the following allocations within the current allocation capacity of \$6.3 billion.

- **STIP:** Transportation Enhancement (TE), and Project Planning and Monitoring (PPM) allocations, with priority towards Recovery Act TE projects.
- **SHOPP:** Safety and emergency SHOPP allocations, and remaining Recovery Act SHOPP capacity.
- **TCRP:** Remaining \$17 million of TCRP allocation capacity.
- **Proposition 1B:** Allocation of select group of Department of Finance approved projects, including TFA, CMIA, TCIF and TLSP projects.

However, given the uncertainty surrounding the outcomes of the Special Election, Spring Budget hearings, and possible changes from the May Revision; the Department will not be making a recommendation on the 2009-10 allocation capacity until the June meeting to allow the Department time to assess the impact of these events.

**Appendices**

**Appendix A.....Allocation Capacity and Assumptions**

**Appendix B.....Cash Forecast**

- 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.....Non-SHOPP/STIP Proposition 1B Bond Allocations**

**Appendix E.....Transportation Loans**

## Appendix A – Allocation Capacity and Assumptions

The revised 2008-09 allocation capacity is \$6.329 billion, including Proposition 1B bond and Recovery Act capacity. This total also reflects a \$100 million reduction from the SHA SHOPP capacity resulting from the General Fund retention of Tribal Gaming revenues, as authorized in the 2009-10 Budget Act.

<b>2008-09 Allocation Capacity By Fund and Program (\$ in millions)</b>					
<b>Fund</b>	<b>SHOPP</b>	<b>STIP</b>	<b>TCRP</b>	<b>Other (Bonds)</b>	<b>Total</b>
SHA	\$1,100	\$65	\$0	\$0	\$1,165
PTA	0	50	0	0	\$50
TIF	0	225	0	0	\$225
TCRF	0	0	110	0	\$110
TDIF	0	10	0	0	\$10
Bonds	86	1,008	0	3,020	\$4,114
GARVEE Allocations	114	0	0	0	\$114
Recovery Act	512	29	0	0	\$541
<b>Total Capacity</b>	<b>\$1,812</b>	<b>\$1,387</b>	<b>\$110</b>	<b>\$3,020</b>	<b>\$6,329</b>

This allocation capacity is based on:

- For SHOPP, 2008-09 Budget Act revenue estimates, 2008 Fund Estimate federal receipts, and forecast expenditures.
- The PTA allocation capacity reflects AB 3090 projects only, totaling \$50 million. Other than the AB 3090 reimbursement, there is no 2008-09 STIP PTA allocation capacity due to the distribution of spillover revenues, the redirection to the Home-to-School program and funding of the Regional Center Transportation Program as authorized in the 2008-09 Budget Act.
- Pre-Proposition 42 loan repayments are assumed to be paid in annual installments of \$100 million from Tribal Gaming compact revenues pursuant to Government Code Section 63048.65(e).
- The annual TCRF allocation capacity is based on a dollar-for-dollar ratio of actual revenues received, as opposed to the cash flow basis used in the SHA and PTA to cover current year expenditures. The allocation capacity and specific project funding is a collaboration between the Commission, the Department and Local Agencies.
- For SHOPP and STIP, 2008-09 bond capacity is based on the balance of bond authority available after 2007-08 allocations and any administrative costs.
- Other Proposition 1B bond capacity is based on authority for those funds.

## **Appendix B – Forecast Methodology**

### **Methodology and Assumptions**

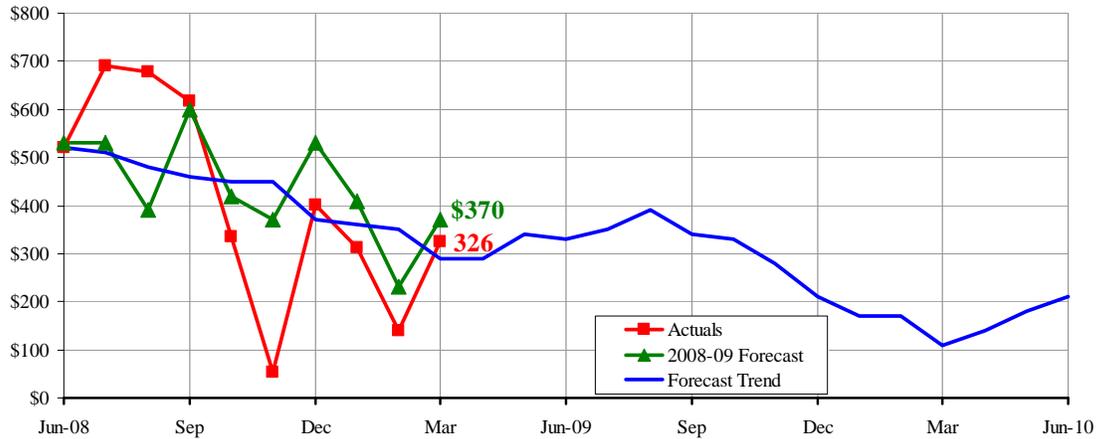
The cash forecasts for the SHA, PTA, TCRF, TIF and TDIF are used by the Department to estimate and monitor the cash balance of transportation funds to determine the level of allocations that can be supported, and to prepare for low or high cash periods. Variances are identified and reported to management and the Commission. If necessary, adjustments are made to capital allocation levels, funding policy or forecast methodology. The 2008-09 cash forecasts and allocation capacities are based on the following assumptions:

- Expenditures for state operations and Capital Outlay Support (COS) are based on the 2008-09 Budget Act.
- Capital outlay and local assistance expenditures are based on actual and projected Commission allocations, using historical seasonal construction patterns.
- Proposition 42 transfers occur quarterly in the month after the quarter ends, except in the fourth quarter, which is assumed to occur in June.
- Annual Pre-Proposition 42 loan repayments from Tribal Gaming compacts are forecast at \$100 million per year pursuant to Government Code Section 63048.65(e). Note: capacity has been reduced in 2008-09 as a result of the authorized General Fund retention of \$100 million of Tribal Gaming revenues in 2008-09.
- Monthly adjustments not forecast include short-term loans made to the General Fund, short-term loan repayments, Plans of Financial Adjustments, funds transferred in and out, and reimbursements. Adjustments are timing differences of posting activity between the Department's TRAMS accounting system and the State Controller's Office (SCO). TRA transactions are forecast.
- PTA sales tax revenues, including spillover are forecast based on the 2008-09 Budget Act. There is a one quarter lag in posting of revenues with the fourth quarter revenues posting in the first quarter of the following year.
- A \$200 million loan from the SHA to the General Fund, per the 2008-09 Budget Act, is included in the SHA forecast, as well as a loan from the TCRF to the SHA for \$200 million. Both loans are forecast to be repaid in June 2011.
- Per the 2008-09 Budget Act, a \$60 million loan occurred in November 2008 from the TCRF to the PTA. The loan amount, estimated on high tax revenues, offsets the diversion to the Home-to-School program.
- The PTA includes a \$306 million State Transit Assistance expenditure, per the 2008-09 Budget Act. Note: The 2009-10 Budget Act reduced the 2008-09 STA transfer to \$153 million.

- Federal receipts, of approximately \$3.0 billion are based on the 2008 Fund Estimate.

## Appendix B – State Highway Account

### 24-Month State Highway Account (SHA) Cash Forecast (\$ millions)



### Year-to-Date SHA Summary

The SHA cash balance, at the end of the third quarter was \$326 million, \$48 million (13 percent) below forecast. SHA revenues, expenditures and transfers were relatively on target with the forecast. State operations expenditures totaled \$2.3 billion, \$12 million (0.5 percent) above forecast. Local assistance expenditures were \$902 million, \$35 million (3.8 percent) below forecast. Capital outlay expenditures totaled \$1.3 billion, \$81 million, (7 percent) higher than forecast. Net adjustments were a negative \$90 million, \$9 million, (9 percent) below forecast.

In an effort to ensure sufficient funding through the end of the fiscal year, the 2008-09 SHA SHOPP capacity was reduced by \$100 million as a result of the General Fund retaining Tribal Gaming revenues in 2008-09, as authorized by the 2009-10 Budget Act.

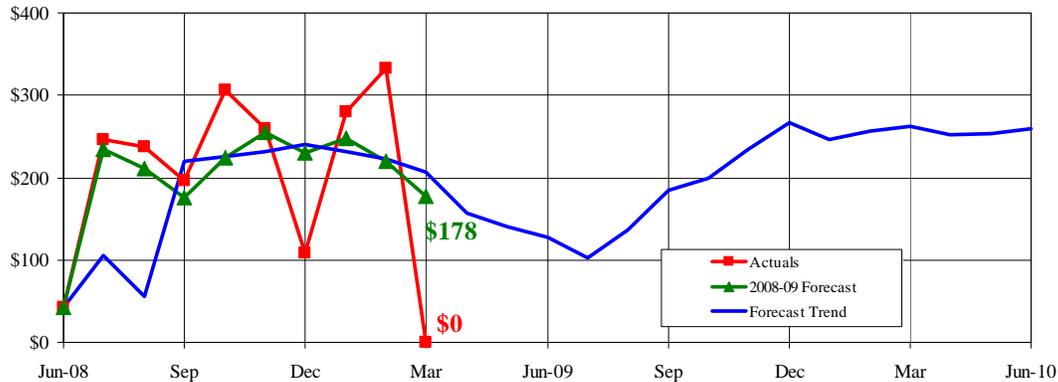
### Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$521</b>	<b>\$521</b>	<b>\$0</b>	<b>0.0%</b>
Revenues	4,439	4,408	-\$31	-0.7%
Transfers	-7	-5	\$2	-28.6%
Expenditures	-4,479	-4,507	-\$28	0.6%
Adjustments	-100	-91	\$9	-9.0%
<b>Ending Cash Balance</b>	<b>\$374</b>	<b>\$326</b>	<b>-\$48</b>	<b>-12.8%</b>

Note: Ending cash balance may differ due to rounding.

## Appendix B – Public Transportation Account

### 24-Month Public Transportation Account (PTA) Cash Forecast (\$ millions)



#### Year-to-Date PTA Summary

The PTA balance reached near zero at the end of March before rebounding in April from mid-year reductions to STA and Homes-to-School expenditures. The low balance was the result of lower revenues, specifically spillover, from the steep drop in fuel prices, and higher than forecast expenditures from a large southern California project. This low cash balance had been masked in previous quarters by the delay of Homes-to-School expenditures pending a state budget. As the mid-year expenditure reductions take hold, the PTA balance is projected to end the year at \$160 million.

Year-to-date expenditures were \$889 million, \$25 million (3 percent) below forecast. PTA revenues through the end of March totaled \$528 million, \$157 million (23 percent) below forecast. This is due to lower than forecast year-to-date spillover revenue. Transfers through March were \$348 million, \$9 million (3 percent) above forecast.

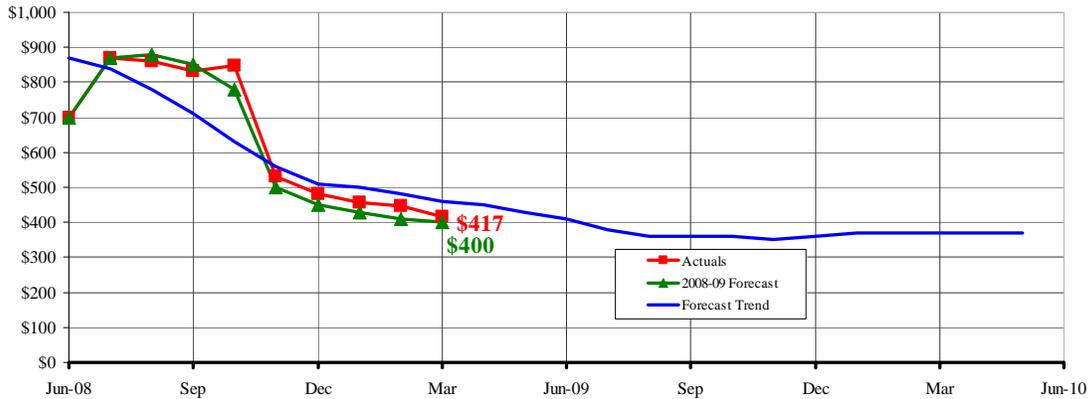
#### Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	\$42	\$42	\$0	0.0%
Revenues	684	528	-\$157	-23%
Transfers	340	348	\$9	3%
Expenditures	-913	-888	\$25	-3%
Adjustments	25	-30	-\$55	-220%
<b>Ending Cash Balance</b>	<b>\$178</b>	<b>\$0</b>	<b>-\$178</b>	<b>-100.0%</b>

Note: Ending cash balance may differ due to rounding.

## Appendix B – Traffic Congestion Relief Fund

### 24-Month Traffic Congestion Relief Fund (TCRF) Cash Forecast (\$ millions)



#### Year-to-Date TCRF Summary

The TCRF ending cash balance for the third quarter was \$417 million, \$18 million (5 percent) above forecast. Transfers include a \$60 million loan to the PTA, and a \$200 million loan to the SHA, both of which were authorized in the 2008-09 Budget Act. Expenditures were \$237 million, \$17 million (7 percent) above forecast. Adjustments (TRA) totaled a positive \$121 million, \$34 million (39 percent) above forecast.

#### Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$699</b>	<b>\$699</b>	<b>\$0</b>	<b>0.0%</b>
Revenues	0	0	\$0	
Transfers	-167	-167	\$0	0.0%
Expenditures	-221	-237	-\$16	7.2%
Adjustments	87	121	\$34	39.1%
<b>Ending Cash Balance</b>	<b>\$398</b>	<b>\$417</b>	<b>\$18</b>	<b>4.5%</b>

Note: Ending cash balance may differ due to rounding.

## Appendix B – Transportation Investment Fund

### 24-Month Transportation Investment Fund (TIF) Cash Forecast (\$ millions)



#### Year-to-Date TIF Summary

The TIF ending cash balance for the third quarter of 2008-09 was \$233 million, \$13 million (5 percent) below forecast, as actual sales tax revenues have been coming in lower for the year.

Year-to-date revenues totaled \$1.0 billion, \$39 million (4 percent) lower than forecast. Expenditures totaled \$553 million, \$24 million (4 percent) below forecast. Adjustments, including TRA and short-term loans to the General Fund, were a positive \$52 million, \$8 million (13 percent) lower than forecast.

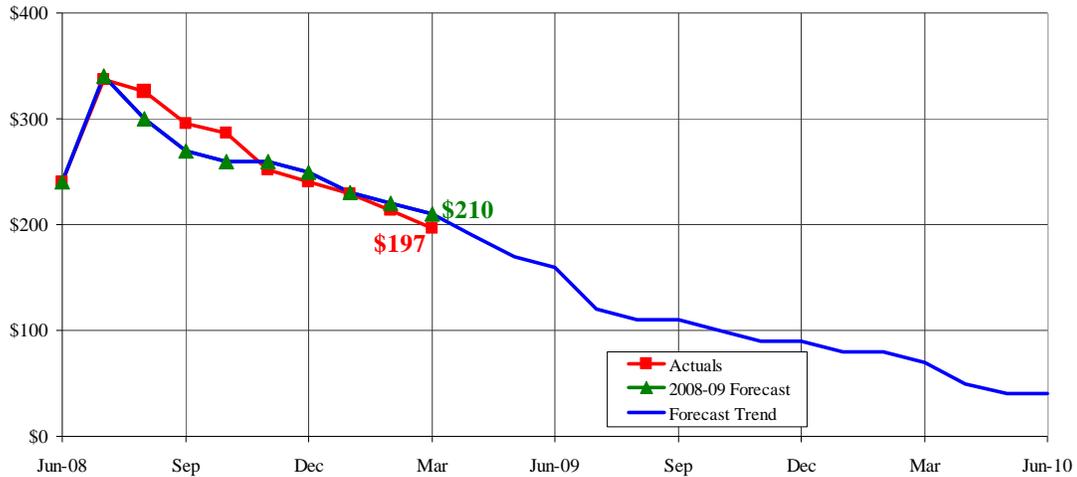
#### Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$124</b>	<b>\$124</b>	<b>\$0</b>	<b>0%</b>
Revenues	1,082	1,042	-\$39	-4%
Transfers	-577	-553	\$24	-4%
Expenditures	-442	-432	\$10	-2%
Adjustments	60	52	-\$8	-13%
<b>Ending Cash Balance</b>	<b>\$246</b>	<b>\$233</b>	<b>-\$13</b>	<b>-5%</b>

Note: Ending cash balance may differ due to rounding.

## Appendix B – Transportation Deferred Investment Fund

### 24-Month Transportation Deferred Investment Fund (TDIF) Cash Forecast (\$ millions)



#### Year-to-Date TDIF Summary

The TDIF ending cash balance for the third quarter, ending March 31, 2009, was \$197 million, \$13 million (6 percent) below forecast. Year-to-date expenditures totaled \$150 million, \$24 million (19 percent) above forecast. Net adjustments for the quarter were a positive \$111 million.

TDIF allocations were a one-time occurrence. The forecast assumes the pattern of project expenditures until funds are exhausted. There will be no future allocations from the TDIF.

#### Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	\$337	\$337	\$0	0%
Revenues	0	0	\$0	
Adjustments (TRA)	-100	-100	\$0	
Transfers	0	0	\$0	
Expenditures	-127	-150	-\$24	19%
Adjustments	100	111	\$11	11%
<b>Ending Cash Balance</b>	<b>\$210</b>	<b>\$197</b>	<b>-\$13</b>	<b>-6%</b>

Note: Ending cash balance may differ due to rounding.

## Appendix C – Federal Emergency Projects

There have been no new disaster declarations for the quarter ending March 31, 2009, nor has the Department received any new Emergency Relief allocations from the Federal Highway Administration. The chart below represents disasters that have not been completely funded by FHWA.

<b>Disaster Repair Costs Approved Federal Funding and State/Local Impact (\$ in millions)</b>			
<b>Disaster</b>	<b>Identified Cost of Disaster Repair</b>		
	<b>State</b>	<b>Local</b>	<b>Total</b>
Dec. 2004 Storm CA05-1	256	144	400
Dec. 2005 Storm CA06-1	356	61	417
So. California Wildfires CA08-3	28	17	45
California Wildfires CA08-6	8	0	8
So. California Wildfires CA09-1	7	0	7
<b>Total Damage Estimate</b>	<b>\$655</b>	<b>\$222</b>	<b>\$877</b>
<b>Amount Obligated To Date</b>			<b>\$632</b>
<b>Allocation Available for Future Project Costs</b>			<b>\$99</b>
<b>Remaining Need</b>			<b>\$146</b>

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 – Non-SHOPP/STIP Proposition 1B Bonds**

<b>Other Bonds (\$ in millions)</b>			
<b>Fund</b>	<b>Allocation Capacity</b>	<b>Allocations to Date</b>	<b>Remaining Capacity</b>
<b>CMIA</b>	\$1,587	\$817	\$771
<b>TCIF</b>	413	90	\$323
<b>Intercity Rail</b>	202	41	\$162
<b>State-Local Partnership</b>	200	0	\$200
<b>Local Bridge Seismic</b>	21	21	\$0
<b>Grade Separations</b>	247	6	\$241
<b>Traffic Light Synch.</b>	245	47	\$198
<b>Route 99</b>	105	7	\$98
<b>Total</b>	<b>\$3,020</b>	<b>\$1,028</b>	<b>\$1,992</b>

Note: Although bond projects have received allocations, PMIA difficulties will prevent new contract awards until further notice.

Allocation capacity for CMIA, Intercity Rail, Local Bridge Seismic, Grade Separations, Traffic Light Synchronization, and Route 99 include unallocated 2007-08 capacity and 2008-09 capacity authority. The TCIF and State-Local Partnership programs did not receive appropriations in 2007-08 and thus only include 2008-09 capacity.

Pursuant to the Commission's direction, G-12 delegated authority does not apply to these bond funds.

## Appendix E – Transportation Loans

Status of Outstanding Transportation Loans, as of March 31, 2009 (\$ in millions)			
FUND	Original Loan Plus Interest	Loans/Interest Paid-to-Date	Remaining Balance
<b>Pre-Proposition 42 (Tribal Gaming Revenue):</b>			
State Highway Account (SHA) <sup>1</sup>	\$473	\$341	\$132
Public Transportation Account (PTA) <sup>2</sup>	275	10	265
Traffic Congestion Relief Fund (TCRF) <sup>3</sup>	482	0	482
<b>Subtotal Pre-Position 42 Tribal Gaming Loans:</b>	<b>\$1,230</b>	<b>\$351</b>	<b>\$879</b>
<b>Proposition 42:</b>			
Public Transportation Account (PTA)	\$217	\$217	\$0
Transportation Investment Fund (TIF)	438	438	\$0
Transportation Congestion Relief Fund (TCRF) <sup>4</sup>	1,067	406	\$661
Locals	438	438	\$0
<b>Subtotal Proposition 42 Loans:</b>	<b>\$2,160</b>	<b>\$1,499</b>	<b>\$661</b>
<b>General Fund Loan:</b>			
State Highway Account (SHA) <sup>5</sup>	\$200	\$0	\$200
<b>Subtotal General Fund Loan:</b>	<b>\$200</b>	<b>\$0</b>	<b>\$200</b>
<b>Totals:</b>	<b>\$3,590</b>	<b>\$1,850</b>	<b>\$1,740</b>

<sup>1</sup>The SHA is expected to be repaid \$100 million in 2008-09 and approximately \$32 million in 2009-10 depending on SCO interest calculations.

<sup>2</sup>The PTA repayment is expected to begin in 2012-13 and be completed in 2014-15.

<sup>3</sup>The TCRF repayment is expected to begin in 2009-10 and be completed in 2016-17.

<sup>4</sup>The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in 2015-16.

<sup>5</sup>The SHA repayment is expected in 2010-11.

### 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 Government Code Section 63048. However, there is no specific repayment plan required by statute, and no deadline for repayment of loans.

The 2009-10 Governor's Budget proposes to divert Tribal Gaming compact revenues to the General Fund in current year and budget year. If approved, this diversion will impact the current and budget year allocation capacities.

### **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 \$1.416 billion, leaving approximately \$744 million due to the TCRF. 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 Loan**

The Budget Act of 2008 authorizes a \$200 million loan to the General Fund, which occurred November 14, 2008. The loan to the General Fund shall be repaid by June 30, 2011. The repayment shall be made as to ensure that the programs supported by the SHA are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the PMIA at the time of the transfer.