

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 30-July 1, 2010

Reference No.: 3.14  
Information Item

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Chief Financial Officer

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Subject: **FY 2009-10 THIRD QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2009-10 Third Quarter Finance Report. This report has been discussed with the Commission's Executive Committee.

Attachment

# **Department of Transportation Quarterly Finance Report**

## **Third Quarter 2009-10**

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 2009-10 Quarterly Finance Reports.

**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>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>
	<b>2009-10 Q1</b>	<b>Close of Quarter</b>	<b>9/30/09</b>
<b>Quarterly Report to Commission Staff</b>		<b>11/15/09</b>	
<b>2009-10 Q2</b>	<b>Presented to Commission</b>	<b>12/10/09</b>	
	<b>Close of Quarter</b>	<b>12/31/09</b>	
	<b>Quarterly Report to Commission Staff</b>	<b>2/15/10</b>	
<b>2009-10 Q3</b>	<b>Presented to Commission</b>	<b>4/7/10</b>	
	<b>Close of Quarter</b>	<b>3/31/10</b>	
<b>2009-10 Q4</b>	<b>Quarterly Report to Commission Staff</b>	<b>5/15/10</b>	
	<b>Presented to Commission</b>	<b>7/1/10</b>	
	<b>Close of Quarter</b>	<b>6/30/10</b>	
<b>2010-11</b>	<b>2009-10 Q4</b>	<b>Quarterly Report to Commission Staff</b>	<b>8/31/10</b>
		<b>Presented to Commission</b>	<b>9/22/10</b>

# Department of Transportation Quarterly Finance Report

*Third Quarter 2009-10*

## EXECUTIVE SUMMARY

2009-10 Revised Capital Allocations vs. Capacity Summary through March 31, 2010 (\$ in millions)						
	SHOPP <sup>1</sup>	STIP <sup>1</sup>	TCRP	BONDS	ARRA-TE (Non-STIP)	TOTAL
Total Allocation Capacity	\$1,785	\$965	\$60	\$4,228	\$12	\$7,050
Total Votes	803	407	79	442	27	\$1,757
Authorized Changes <sup>2</sup>	-454	-41	-5	N/A	-1	-\$502
<b>Total Remaining Capacity</b>	<b>\$1,436</b>	<b>\$600</b>	<b>-\$14</b>	<b>\$3,786</b>	<b>-\$15</b>	<b>\$5,794</b>

Note: Totals may not add due to rounding

<sup>1</sup>Proposition 1B bond & Recovery Act capacities included in total: \$73M (Recovery Act SHOPP); \$177M (Prop 1B SHOPP); \$514M (Prop 1B STIP).

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

Through the third quarter of 2009-10 the Commission allocated \$1.757 billion toward 468 projects, representing approximately 25 percent of the \$7.050 billion total capacity, (see Appendix A for 2009-10 allocation capacity by fund). Total adjustments were \$502 million, leaving \$5.794 billion in remaining capacity.

On March 22, 2010, the Governor signed fuel tax swap Assembly Bills six and nine of the Eighth Extraordinary Session (ABX8-6 and ABX8-9). Although complicated, the impact of these bills is expected to stabilize transportation funding and provide a dedicated source of revenue to fund debt service on transportation related bonds. Any remaining funds available after debt service funding will be split between STIP, Local Streets and Roads, and SHOPP on a percent basis by fiscal year.

With the exception of the Public Transportation Account (PTA), cash balances for all primary Departmental funds through the third quarter were within acceptable range of the forecast, (see Appendix B). The PTA cash balance was high due to the Third Appellate Court's ruling in favor of overturning spillover diversions from the PTA to the Mass Transportation Fund (MTF). However, those additional PTA resources will be used toward a 2009-10 distribution of \$400 million to State Transit Assistance (STA), which was reinstated by fuel tax swap bill ABX8-9.

The State Treasurer's Office (STO) successfully sold approximately \$2.5 billion in bonds in March 2010, of which the Department received approximately \$139 million in proceeds. The Department expects to apply those proceeds toward funding cash needs for new start projects through March 2011, as well as grants to local transit agencies as part of the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA).

Through the third quarter, the Department continues to recommend \$7.050 billion of total capacity for 2009-10. However, at the April 2010 Commission meeting, an increase of \$620 million in Federal Trust Fund (FTF) capacity was approved. This increase stems from additional federal obligation authority and federal savings from prior year de-obligations, and will be reflected in the fourth quarter report. Allocation of bond-funded projects should continue to be contingent on sufficient bond proceeds becoming available. The Department will continue to monitor and report on any material revenue and expenditure variances and make capacity recommendations accordingly.

## STATE HIGHWAY OPERATION AND PROTECTION PROGRAM (SHOPP)

State Highway Operation and Protection Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$200	\$189	-\$58	\$132	\$68
Prop 1B SHOPP	177	10	-2	8	169
FTF	1,335	448	-299	148	1,187
Recovery Act	73	156	-95	60	13
<b>Total</b>	<b>\$1,785</b>	<b>\$803</b>	<b>-\$454</b>	<b>\$348</b>	<b>\$1,436</b>

### **Capital Allocations vs. Capacity**

SHOPP allocations totaled \$803 million toward 242 projects through the end of the third quarter, representing 45 percent of the \$1.785 billion capacity. Adjustments totaled \$454 million, the majority of which stem from savings on projects allocated last year. This resulted in net allocations of \$348 million. Federal funds comprised the majority of the remaining \$1.436 billion in SHOPP capacity.

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

Through the third quarter, SHOPP has benefited significantly from the favorable bidding climate. In addition, the Department received \$139 million of proceeds from the March 2010 bond sale, which will be used to fund new Proposition 1B projects.

In April, the Commission approved a \$620 million increase in FTF capacity. Half of the total increase, or \$310 million, was approved for SHOPP. The increased capacity will be reflected in the fourth quarter report.

The impact of approved fuel tax swap bills ABX8-6 and ABX8-9 will provide additional SHOPP funding through increased excise taxes on gasoline beginning July 1, 2011. The Department estimates SHOPP increased funding to be approximately \$650 million over a 5-year period. In addition, as of July 1, 2010 all remaining obligations of the Transportation Investment Fund (TIF), which cannot be funded with resources in that fund, will become obligations of the State Highway Account (SHA).

### **Recommendations**

The Department continues to recommend the 2009-10 SHOPP allocation capacity of \$1.785 billion. Proposition 1B capacity remains dependent on bond sales. The Department will monitor any potential impacts and, if necessary, recommend a change to the capacity.

## STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$0	\$5	\$0	\$5	-\$5
PTA	5	5	0	5	0
TIF	300	309	-2	307	-7
FTF	146	84	-1	83	63
<b>Prop 1B STIP</b>	514	3	-38	-35	548
<b>Total</b>	<b>\$965</b>	<b>\$407</b>	<b>-\$41</b>	<b>\$365</b>	<b>\$600</b>

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

### Capital Allocations vs. Capacity

Of the \$965 million STIP capacity, a net total of \$365 million was allocated through the third quarter, including adjustments totaling \$41 million in award savings. There were 125 projects allocated through the third quarter, with a total remaining capacity of \$600 million. The SHA \$5 million over-allocation is for pre-certification of certain obligations for STIP projects that cannot be funded by the Transportation Improvement Fund (TIF).

### Outlook for Funding & Allocations

**Transportation Investment Fund (TIF).** The 2009-10 Budget authorized full funding of Proposition 42 in the amount of \$1.441 billion. Fuel tax swap bill ABX8-9 requires any remaining TIF obligations as of July 1, 2010, which cannot be funded with resources in that fund, will become SHA obligations.

**Public Transportation Account (PTA).** Fuel tax swap bill ABX8-9 lifts suspension of the transfer from the PTA to STA, beginning with a \$400 million disbursement in 2009-10. This disbursement represents funding for fiscal years 2009-10 and 2010-11. The legislation specifies a \$79 million retransfer back to the SHA of 2009-10 monies not subject to Article XIX of the California Constitution, and also designates \$396 million from PTA for debt service payments through 2010-11. The Department estimates these actions, along with the elimination of all sales taxes on gasoline, will likely exhaust PTA resources by the end of 2011-12.

**Transportation Facilities Account (TFA).** With the current fiscal climate, bond sales have not been sufficient to fund new capacity. Bond proceeds received by the Department for the March sale will be used to fund new start projects and grants to local transit agencies.

**Federal Trust Fund (FTF).** In April, the Commission approved a \$620 million increase to the current FTF capacity. Half of the total increase, or \$310 million, was approved for STIP. The increased capacity is a result of additional federal funds and prior year project savings, and will be reflected in the fourth quarter report.

### Recommendations

The Department recommends the current allocation capacity of \$965 million in 2009-10.

## TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
TCRF	\$60	\$79	-\$5	\$74	-\$14
<b>Total</b>	\$60	\$79	-\$5	\$74	-\$14

### *Capital Allocations vs. Capacity*

A total of \$79 million toward 12 projects has been allocated from the TCRP. Although the TCRP is currently over allocated by \$14 million, it is anticipated project award savings will absorb this. The 2009-10 capacity of \$60 million includes \$4 million which was carried over after de-allocation of three projects late last year, and accounts for the \$27 million of 2009-10 resources that were advanced to 2008-09.

### *Outlook for Funding & Allocations*

Approximately \$1.01 billion in loan repayments are still outstanding from the GF (refer to Appendix D). TCRP receives \$83 million annually for repayment of \$582 million in Proposition 42 loans. These payments are expected to continue through June of 2016. Tribal Gaming repayments on the \$482 million loan to the GF (Pre-Proposition 42) are expected to begin in 2011-12. The 2010-11 Governor's Budget does not include a Tribal Gaming loan repayment to transportation.

### *Recommendations*

The Department will continue to monitor for potential impacts and, if necessary, recommend changes.

## RECOVERY ACT - TRANSPORTATION ENHANCEMENT PROJECTS (TE)

The Recovery Act TE resources have been fully obligated. Through the third quarter, \$27 million has been allocated toward 44 projects.

## PROPOSITION 1B BONDS

<b>Proposition 1B Bonds</b>			
<b>(\$ in millions)</b>			
<b>Fund</b>	<b>Allocation Capacity</b>	<b>Allocations to Date</b>	<b>Remaining Capacity</b>
<b>CMIA</b>	\$1,858	\$181	\$1,677
<b>TCIF</b>	746	25	\$720
<b>Intercity Rail</b>	287	3	\$284
<b>State-Local Partnership</b>	360	69	\$291
<b>Local Bridge Seismic</b>	31	12	\$19
<b>Grade Separations</b>	241	25	\$216
<b>Traffic Light Synch.</b>	182	22	\$160
<b>Route 99</b>	525	105	\$420
<b>Total</b>	<b>\$4,228</b>	<b>\$442</b>	<b>\$3,786</b>

Note: Totals may differ due to rounding.

### ***Capital Allocations vs. Capacity***

Bond allocations through the third quarter totaled \$442 million, representing 10 percent of the \$4.228 billion capacity. A total of 45 bond projects were allocated through the third quarter. Successful bond sales during last calendar year provided resources to continue funding ongoing projects into 2009-10, as well as allowing additional projects to be awarded. Because of the bond financing difficulties, there have not been sufficient bond resources available to finance all bond projects. Projects continue to be delivered and await future bond proceeds.

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

The State Treasurer's Office successfully sold approximately \$2.5 billion in bonds in March 2010, of which the Department received approximately \$139 million for Proposition 1B programs. The Department expects to apply these proceeds toward funding cash needs for new start projects through March 2011, as well as grants to local transit agencies as part of the Public Transportation Modernization, Improvement, and Service enhancement Account (PTMISEA).

### ***Recommendations***

The priority for the use of Bond proceeds has been to fund ongoing projects before funding any new allocations. The Department recommends continuing with the current practice of securing sufficient bond sale proceeds prior to allocation of new projects.

**APPENDICES**

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

**Appendix B..... Cash Forecasts**

- 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..... Transportation Loans**

## APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2009-10 Revised Allocation Capacity By Fund and Program (\$ in millions)					
Fund	SHOPP	STIP	TCRP	Other (1B Bonds)	Total
SHA	\$200	\$0	\$0	\$0	\$200
FTF	1,335	146	0	0	1,481
PTA	0	5	0	0	5
TIF	0	300	0	0	300
TCRF	0	0	60	0	60
<i>Prop 1B Bonds*</i>	<i>177</i>	<i>514</i>	<i>0</i>	<i>4,228</i>	<i>4,919</i>
<b>Total Capacity</b>	<b>\$1,712</b>	<b>\$965</b>	<b>\$60</b>	<b>\$4,228</b>	<b>\$6,965</b>

\* *Subject to Bond sales*

Recovery Act Rollover from 2008-09	
SHOPP	\$73
TE	\$12

The 2009-10 allocation capacity of \$7.050 billion, includes Proposition 1B Bond and Recovery Act capacity.

This allocation capacity is based on:

- For SHOPP, 2009-10 Budget Act revenue and expenditure estimates, and 2010 STIP Fund Estimate federal receipts.
- The PTA allocation capacity of \$5 million reflects capacity for AB 3090 projects only. Although the Third Appellate Court ruled PTA diversions were invalid, these resources will be retained in the PTA until additional information become available.
- The annual TCRF allocation capacity is based on a dollar-for-dollar ratio of actual revenues received for current year expenditures. The allocation capacity and specific project funding was established by the Commission, in cooperation with the Department and Local Agencies. The 2009-10 capacity of \$60 million accounts for the \$27 million of 2009-10 capacity that was advanced to 2008-09, and \$4 million that was left unused at the end of 2008-09 and returned to 2009-10;  $(\$83M - \$27M = \$56M + \$4M = \$60M)$ .
- SHOPP and STIP bond capacity is based on the balance of bond authority available after 2007-08 and 2008-09 allocations, budget authority, and any administrative costs. Other Proposition 1B bond capacity is based on budget authority for those funds and is dependent on the sale of sufficient bonds for funding. A total of \$620 million increased FTF capacity was approved in April 2010 by the Commission and will be reflected in the fourth quarter report. This resulted from additional federal obligation authority and federal funds savings from prior year de-obligations.

## APPENDIX B – FORECAST METHODOLOGY

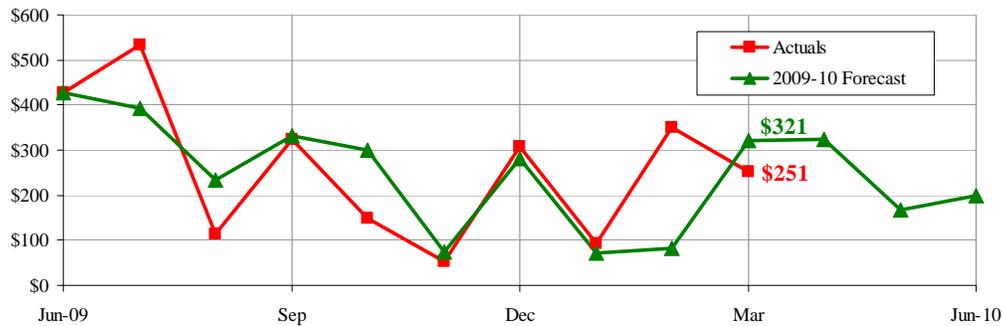
### Methodology and Assumptions

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 2009-10 cash forecasts and allocation capacities are based on the following assumptions:

- Expenditures for state operations and Capital Outlay Support (COS) are based on the 2009-10 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.
- Monthly adjustments are not forecast since they comprise timing differences between the Department's accounting system and the State Controller's Office (SCO). These adjustments include short-term loans made to the General Fund, short-term loan repayments, Plans of Financial Adjustments (PFAs), funds transferred in and out, and reimbursements.
- PTA sales tax revenues, including spillover, are based on the 2009-10 Budget Act. There is a one quarter lag in posting of revenues, with the posting of fourth quarter revenues occurring in the first quarter of the following year.
- A \$135 million loan from the SHA to the GF authorized in the 2009-10 budget is included in the SHA forecast. Also included, is the assumption that the \$200 million loan from SHA to the GF in the 2008-09 FY, and the subsequent loan from the TCRF to the SHA for \$200 million will both 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, based on revenue projections at the time, was intended to offset a portion of the PTA diversion for the Home-to-School Program. Repayment of this loan will occur in 2010-11.
- Federal receipts of approximately \$3.0 billion are based on the 2010 STIP Fund Estimate.

## APPENDIX B – STATE HIGHWAY ACCOUNT

### State Highway Account (SHA) 12-Month Cash Forecast (\$ in millions)



### Year-to-Date SHA Summary

The SHA ended the third quarter with a cash balance of \$251 million, \$69 million (22 percent) below forecast. Revenue and transfers year-to-date were \$2.1 billion, \$76 million (4 percent) below forecast. Expenditures through the third quarter totaled \$2.2 billion, \$200 million (8 percent) below forecast. Adjustments, which represent revenue receipt timing differences, totaled a negative \$44 million.

No HUTA was received in January, which resulted in a low cash balance. The subsequent return to higher levels in February and March resulted from the receipt of a double HUTA payment, (February and March).

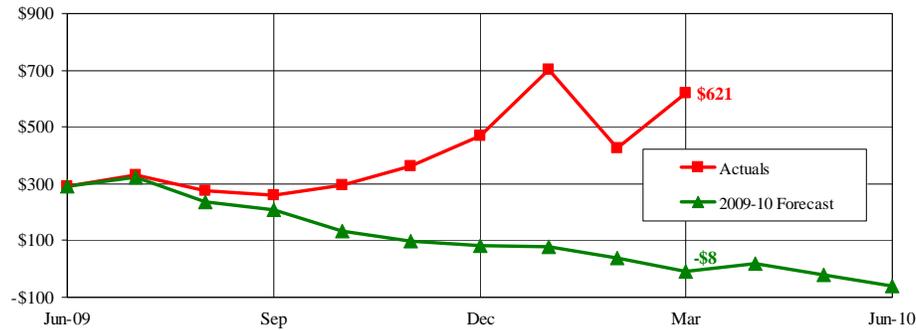
### Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$428</b>	<b>\$428</b>	<b>\$0</b>	<b>0.0%</b>
Revenues	2,242	2,172	-\$71	-3%
Transfers	-100	-105	-\$5	5%
Expenditures	-2,400	-2,200	\$200	-8%
Adjustments	150	-44	-\$194	129%
<b>Ending Cash Balance</b>	<b>\$321</b>	<b>\$251</b>	<b>-\$69</b>	<b>-22%</b>

Note: Ending cash balance may differ due to rounding.

## APPENDIX B – PUBLIC TRANSPORTATION ACCOUNT

### Public Transportation Account (PTA) 12-Month Cash Forecast (\$ in millions)



### Year-to-Date PTA Summary

The PTA year-to-date ending cash balance through the third quarter was \$621 million, \$628 million above the forecast amount of -\$8 million. The high cash balance is due to the Third Appellate Court of California decision that found redirections of current and prior fiscal year spillover revenue from PTA to the Mass Transportation Fund are invalid. There was an erroneous transfer by the State Controller's Office out of the PTA between January and February, but the error was corrected bringing the balance back up by the end of March. Revenue and transfers year-to-date were \$640 million, \$412 million above forecast. Expenditures were \$390 million, \$139 million (27 percent) below forecast. Lower than forecast expenditures on the LACMTA Mid-City Light Rail project contributed to the decreased expenditures. Adjustments were a positive \$78 million.

Fuel tax swap bill ABX8-9 rescinds suspension of STA allocations authorizing the State Controller to distribute \$400 million from PTA to STA covering 2009-10 and 2010-11. For fiscal years thereafter, PTA funds pertaining to STA allocation will be subject to appropriation by the Legislature. The Department estimates reinstatement of allocations to the STA will affect the availability of PTA resources.

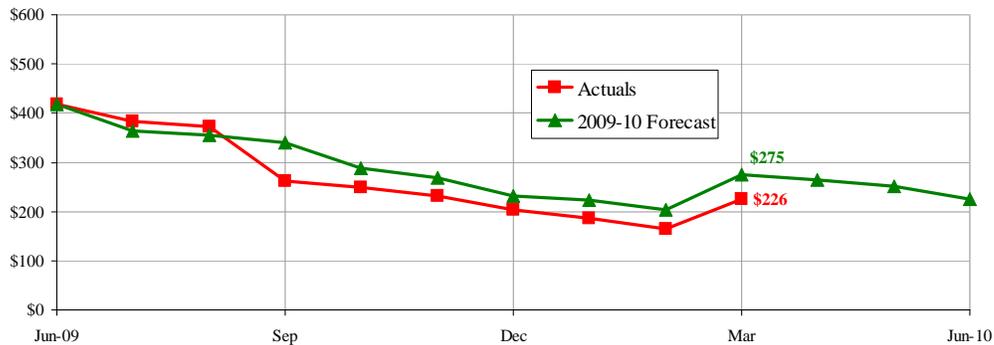
### Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$293</b>	<b>\$293</b>	<b>\$0</b>	<b>0.0%</b>
Revenues	159	356	\$197	124%
Transfers	69	284	\$215	N/A
Expenditures	-529	-390	\$139	-27%
Adjustments	1	78	\$77	N/A
<b>Ending Cash Balance</b>	<b>-\$8</b>	<b>\$621</b>	<b>\$628</b>	<b>N/A</b>

Note: Totals may differ due to rounding.

## APPENDIX B – TRAFFIC CONGESTION RELIEF FUND

### Traffic Congestion Relief Fund (TCRF) 12-Month Cash Forecast (\$ in millions)



#### Year-to-Date TCRF Summary

The TCRF ending cash balance for the third quarter was \$226 million, \$49 million (18 percent) below the forecast amount of \$275 million. Expenditures were \$170 million, \$55 million (24 percent) below forecast. The difference between forecast and actual expenditures was caused by the delay of expenditures being processed near the end of the quarter. The annual repayment transfer of \$83 million occurred during the third quarter, but was forecast to occur in June 2010. There were no revenues for the third quarter. Net adjustments for the year were a negative \$104 million.

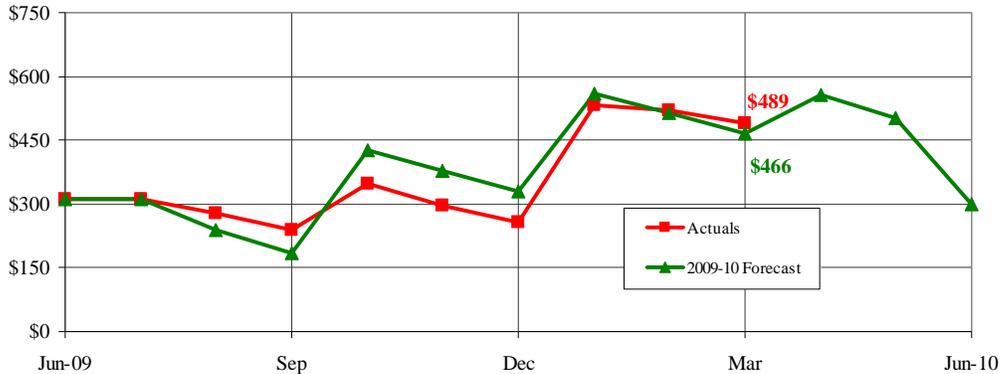
#### Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$417</b>	<b>\$417</b>	<b>N/A</b>	<b>N/A</b>
Revenues	0	0	\$0	0%
Transfers	83	83	\$0	0%
Expenditures	-225	-170	\$55	-24%
Adjustments	0	-104	-\$104	N/A
<b>Ending Cash Balance</b>	<b>\$275</b>	<b>\$226</b>	<b>-\$49</b>	<b>-18%</b>

Note: Totals may differ due to rounding.

## APPENDIX B – TRANSPORTATION INVESTMENT FUND

### Transportation Investment Fund (TIF) 12-Month Cash Forecast (\$ in millions)



#### Year-to-Date TIF Summary

The TIF ending cash balance for the third quarter was \$489 million, \$23 million (5 percent) above forecast. Revenues totaled \$646 million, \$75 million (10 percent) lower than forecast. Transfers totaled \$129 million, \$15 million (10 percent) below forecast. The correlation between the transfers and revenues resulted in the proportionate difference. Expenditures totaled \$403 million, \$20 million (5 percent) below forecast. Net adjustments for the year were a positive \$63 million.

*(Note: Per Revenue and Taxation Code 7104.2 (h) (1) transfers of local apportionments for Q1 and Q2 will be delayed until May 31, 2010 and has been included in the forecast.)*

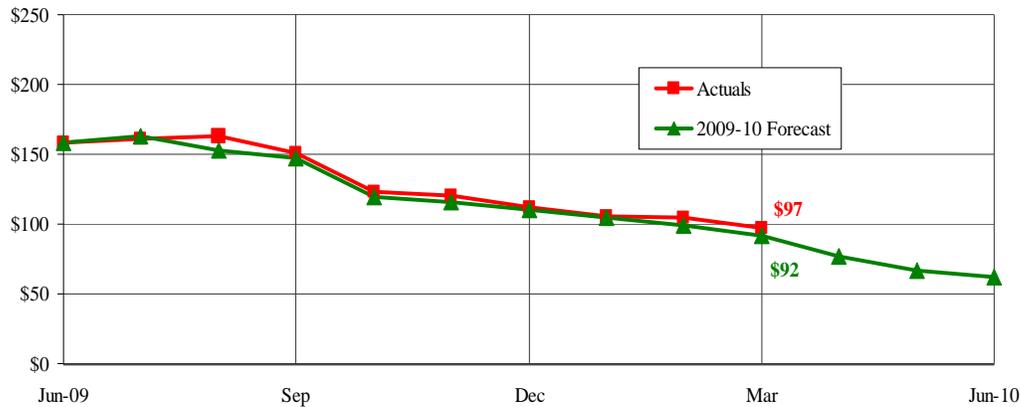
#### Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$312</b>	<b>\$312</b>	<b>N/A</b>	<b>N/A</b>
Revenues	721	646	-\$75	-10%
Transfers	-144	-129	\$15	-10%
Expenditures	-423	-403	\$20	-5%
Adjustments	0	63	\$63	N/A
<b>Ending Cash Balance</b>	<b>\$466</b>	<b>\$489</b>	<b>\$23</b>	<b>5%</b>

Note: Totals may differ due to rounding.

## APPENDIX B – TRANSPORTATION DEFERRED INVESTMENT FUND

### Transportation Deferred Investment Fund (TDIF) 12-Month Cash Forecast (\$ in millions)



#### Year-to-Date TDIF Summary

The TDIF ending cash balance for the third quarter was \$97 million, \$5 million (5 percent) above forecast. Year-to-date expenditures totaled \$66 million. Net adjustments through the third quarter were a positive \$5 million. TDIF allocations were a one-time occurrence as a result of a General Fund repayment in FY 2006-07. The forecast assumes the continued pattern of project expenditures until funds are exhausted. There will be no future allocations from the TDIF unless project savings are generated.

#### Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
<b>Beginning Cash Balance</b>	<b>\$158</b>	<b>\$158</b>	<b>N/A</b>	<b>N/A</b>
Revenues	0	0	\$0	0%
Transfers	0	0	\$0	0%
Expenditures	-66	-66	\$0	0%
Adjustments	0	5	\$5	N/A
<b>Ending Cash Balance</b>	<b>\$92</b>	<b>\$97</b>	<b>\$5</b>	<b>5%</b>

Note: Totals may differ due to rounding.

## APPENDIX C – FEDERAL EMERGENCY PROJECTS

For the quarter ending March 31, 2010, the Federal Highway Administration (FHWA) acknowledged the January 2010 storms as well as the Humboldt County earthquake as declared disasters. However, there have not been any new allocations for Federal Emergency Relief funding during the third quarter. The chart below represents disasters that have not been completely funded by FHWA.

<b>Disaster Repair Costs Approved Federal Funding and State/Local Impact (\$ 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	243	95	338
Dec. 2005 Storm CA06-1	367	45	412
So. California Wildfires CA08-3	27	5	32
California Wildfires CA08-6	9	0	9
So. California Wildfires CA09-1	5	0	5
So. California Wildfires CA09-2	12	7	19
Jan. 2010 Storm CA 10-1	80	24	104
Humboldt Co. Earthquake CA 10-2	1	3	4
<b>Total Damage Estimate</b>	<b>\$744</b>	<b>\$179</b>	<b>\$923</b>
<b>Amount Obligated To Date</b>			<b>\$725</b>
<b>Allocation Available for Future Project Costs</b>			<b>\$47</b>
<b>Remaining Need</b>			<b>\$151</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 – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of March 31, 2010			
(\$ in millions)			
FUND	Original Loan	Loans/Interest Paid-to-Date	Remaining Balance
<b>Pre-Proposition 42 (Tribal Gaming Revenue):</b>			
State Highway Account (SHA)	\$473	\$341	\$132
Public Transportation Account (PTA)	\$275	\$10	\$265
Traffic Congestion Relief Fund (TCRF)	\$482	\$0	\$482
<b>Subtotal Pre-Proposition 42 Tribal Gaming Loans:</b>	<b>\$1,230</b>	<b>\$351</b>	<b>\$879</b>
<b>Proposition 42:</b>			
Public Transportation Account (PTA)	\$220	\$218	\$2
Transportation Investment Fund (TIF)	\$440	\$440	\$0
Transportation Congestion Relief Fund (TCRF) <sup>1</sup>	\$1,066	\$483	\$582
Locals	\$440	\$440	\$0
<b>Subtotal Proposition 42 Loans:</b>	<b>\$2,167</b>	<b>\$1,582</b>	<b>\$585</b>
<b>General Fund Loan:</b>			
State Highway Account (SHA) <sup>2</sup>	\$200	\$0	\$200
Other transportation accounts	\$31	\$0	\$31
<b>Subtotal General Fund Loan:</b>	<b>\$231</b>	<b>\$0</b>	<b>\$231</b>
<b>Totals:</b>	<b>\$3,627</b>	<b>\$1,933</b>	<b>\$1,694</b>

Note: Numbers may not add due to rounding.

<sup>1</sup>The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in 2015-16.

<sup>2</sup>The SHA is expected to be repaid \$200 million 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 GC Section 63048. The SHA is expected to be repaid \$100 million in 2010-11 and approximately \$32 million in 2011-12. The PTA repayment is expected to begin in 2014-15 and will be completed in 2016-17. The TCRF repayment is expected to begin in 2011-12 and will be completed in 2018-19. **However, there is no specific repayment plan required by statute, and no deadline for repayment of loans.**

### 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 \$1.415 billion, leaving approximately \$752 million due to the TCRF. Outstanding Proposition 42 Loans, as of July 1, 2007, shall be repaid in annual installments not less than one-tenth of the total amount required to be transferred by June 30, 2016. 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 Loans**

The Budget Act of 2008 authorized \$230.7 million in loans to the General Fund from the SHA, the Bicycle Transportation Account, the Local Airport Loan Account, the Motor Vehicle Fuel Account, the Environmental Enhancement and Mitigation Program, the Historic Property Maintenance Fund, and the Pedestrian Safety Account. These funds were transferred to the General Fund on November 14, 2008. These loans are required to be repaid with interest calculated at the rate earned by the PMIA, by June 30, 2011. Repayments will be made to ensure that the programs supported by the SHA are not adversely affected by the loan. A \$135 million loan from the SHA to the General Fund was also authorized in the 2009-10 Budget, but has not occurred as of the third quarter. This loan is required to be repaid no later than June 2012.