2006 STIP Program
Alternative Funding Options

December 2007

2008 STIP FE Results

($ millions)

2008 FE STIP Target Capacity	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	6-Year Total
PTA Program Capacity	$475	$50	$225	$225	$250	$250	$1,000	$1,475
SHA Program Capacity	$135	$136	$138	$139	$140	$141	$694	$829
TIF Program Capacity	$776	$652	$652	$694	$650	$700	$3,348	$4,124
TFA Program Capacity	$727	$1,233	$0	$0	$0	$0	$1,233	$1,960
Total STIP Target Capacity	**$2,113**	**$2,071**	**$1,015**	**$1,057**	**$1,040**	**$1,091**	**$6,274**	**$8,388**
2006 STIP Program	$2,275	$2,515	$1,441	$847	$73	$73	$4,949	$7,224
Net Difference	**($162)**	**($444)**	**($426)**	**$210**	**$967**	**$1,018**	**$1,326**	**$1,164**

- Total STIP Target Capacity $8.388 billion

  Existing 2006 STIP Program - $7.224 billion

  New STIP Capacity* = $1.164 billion

*** Includes Construction, Right-of-way and Support.**

Program Capacity vs. Capital Allocation Capacity

- **Program (Target) Capacity**
  - Estimated biennially by the STIP FE.
  - Used for programming the next STIP.
  - Represents total project costs, including capital outlay and support.

- **Capital Allocation Capacity**
  - Total capacity a fund can support.
  - Represents capital only for right-of-way & construction.
  - Used by the CTC to make allocations.

Projected Annual Revenues
- <u>Capital Outlay Support</u>
= Capital Allocation Capacity

Capital Allocation Capacity Shortfall

STIP allocation capacity shortfall of $1.439 billion through 2010-11.

STIP Allocation Capacity Available, All Funds
Three-Year Projections
($ millions)

Allocation Capacity	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**3-Year Total**	**4-Year Total**
TE Allocation Capacity	$69	$70	$72	$73	$215	$284
PTA Allocation Capacity	$475	$50	$225	$225	$500	$975
TIF Allocation Capacity	$520	$350	$350	$350	$1,050	$1,570
TDIF Allocation Capacity	$32	$0	$0	$0	$0	$32
TFA Allocation Capacity	$664	$1,126	$0	$0	$1,126	$1,790
Total STIP Allocation Capacity	**$1,760**	**$1,596**	**$647**	**$648**	**$2,891**	**$4,651**
2006 STIP Capital Program	$2,016	$2,015	$1,346	$713	$4,074	$6,090
Net Difference	**($256)**	**($419)**	**($699)**	**($65)**	**($1,182)**	**($1,439)**

- 2006 STIP Capital Program for 2007-08 based on CTC Staff estimates as presented on November 7-8, 2007.
- 2006 STIP Capital Program for 2008-09 and beyond is based on Transportation Programming estimates as of July 2007
- TE allocation capacity includes Federal TE plus State Match.

2007-08 Allocation Capacity Shortfall

What options are available to address the $256 million shortfall in 2007-08?

Some Factors to Consider:

- Shortfall of approximately $256 million in 2007-08.
- Ability to advance $180 million of TFA bond capacity to 2007-08.

Next Steps?

DRAFT
12/10/2007

2007/08 ALLOCATION STRATEGY

Guiding Principle: Keep projects on schedule to the extent possible within funding constraints and minimize cost and schedule impacts to the program and its project sponsors.

It is recognized that the need for transportation funding significantly exceeds currently available resources, and shortfalls in funding severely impact project delivery and project costs. The mitigation proposals identified in this strategy are not a "solution" by any means. They are simply an effort to plan ahead for allocations in the 2007/08 year, acknowledging serious issues remain. In order to encourage all parties to identify alternative funding sources that may be available on an interim basis given current cash flow projections and delivery schedules, there will need to be a commitment of future programming or funding in the later years of the 2008 STIP to those agencies providing alternative funding in the near term.

The allocation strategy should be revisited and adjusted in the Spring, if necessary, should project delivery or resource issues warrant reconsideration. Any commitments made pursuant to this allocation strategy prior to that time should be held constant through that process.

1. Encourage regions to come forward with requests for extension into the 2008/09 year without penalty. This will establish the true benchmark of allocation capacity needed in the 2007/08 year.

2. Projects programmed and delivered in 2007/08 and not voted by June 2008 should be given priority for funding in the 2008/09 fiscal year.

3. Savings for projects in the current year will be available for currently programmed 2007/08 projects. Adjustments to county share for the savings will be calculated as part of the 2008 STIP adoption process.

4. Fund intercity rail projects programmed for 2007/08 with Intercity Rail Bond funds and program substitute intercity rail projects in the 2008 STIP.

5. Encourage project sponsors with an alternative funding source to propose STIP amendments under AB 3090, under which the local agency would advance its local funds for the project and in return receive either a replacement project or a cash reimbursement.

6. Use the additional 25% Transportation Facilities Account (TFA) appropriation (advanced from the 2008/09 year) as the first source of funds to address the shortfall (up to $180 million). This may require technical corrections to allocations that have already been made to free up TIF funds for those projects not suitable for use of bonds (e.g., smaller, stand-alone projects not funded through construction.)

7. No projects programmed in 2008/09 and beyond should be advanced for allocation in 2007/08 until all projects programmed and delivered in 2007/08 have been allocated. A regional agency may propose a project substitution by STIP amendment, which the Commission may consider if the action would free-up allocation capacity in the 2007/08 year. TE projects may be an exception; to be determined in March or April.

8. The Fund Estimate identifies a significant shortfall of funding in the early years of the 2008 STIP period that will result in project delays. While the 2008 STIP guidelines provide some direction with respect to addressing the shortfall, additional discussion on the implications of funding shortfalls on future programming cycles may be appropriate.