TRANSPORTATION FINANCE BANK – FACT SHEET

Purpose:

The Transportation Finance Bank (TFB) Revolving Loan Program was implemented by the California Transportation Commission (Commission) and the California Department of Transportation (Department) to provide flexible, short-term financing to public entities and public/private partnerships for the purpose of accelerating the delivery of transportation projects in California.

Authority:

The National Highway System Designation Act of 1995 (Act) authorized the creation of a State Infrastructure Bank (SIB) pilot program to provide loans and other credit assistance to public and private entities to carry out highway construction and transit capital projects eligible for assistance under Section 350 of the Act. The U.S. Department of Transportation (USDOT) selected California, as one of ten states, to participate in the program.

Eligibility:

Eligible Borrowers
Loans are available to local public entities and public/private partnerships. Any local transportation planning agency or county transportation commission (the Approving Authority for that county's submission to the State Transportation Improvement Program (STIP)) may apply for a loan. Additionally, recipients of fuel tax revenue monies are eligible for a TFB loan.

Eligible Projects
Highway construction projects must be eligible for assistance under Title 23, United States Code (USC) and transit capital projects must meet the requirements of Section 5302 of Title 49, USC.

Additionally, projects must be included in a Federal State Transportation Improvement Program (FSTIP) and must comply with all other Federal requirements, including National Environmental Policy Act, Americans with Disabilities Act, and Davis-Bacon Act requirements, as appropriate.

Eligible Costs
Loans are available for any phase of an eligible project, but funding will be provided only for authorized expenditures incurred after the Commission has approved the loan.

Funding:

While the USDOT authorized $3 million for capitalization of California's SIB, Section 350(e)(1) of the Act also requires the State to provide a non-federal match. Therefore, the approximate Federal contribution will be 88.53% and the State contribution will be 11.47%. As loans are repaid, funds will be recycled to support new loans, and the Bank's loan capacity will increase with deposits of new capital generated from interest earned on the loans.

Other Requirements:

Other requirements include but are not limited to, the following:

- The borrower must agree to provide collateral in the form of a pledge of county share allocations.

- The borrower will be solely responsible for ensuring that the project is in compliance with all applicable federal, state, and local laws, rules, regulations, and/or policies.

- The borrower must provide a financial plan for each project containing the required financial information.

- The borrower must demonstrate that the project has a high probability of resulting in a completed facility.