

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 5, 2013

Reference No.: 3.6
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Budgets

Subject: **FY 2012-13 SECOND QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2012-13 Second Quarter Finance Report.

Attachment



Department of Transportation Quarterly Finance Report

Second Quarter 2012-13

Department of Transportation
Division of Budgets

The purpose of the Quarterly Finance Report is to provide the California Transportation Commission (CTC) with the status of capital allocations versus capacity, and to report any trends or issues that may require action by the Department of Transportation (Caltrans) or CTC 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 fiscal year 2011-12 Quarterly Finance Reports.

California Department of Transportation			
Quarterly Finance Report			
Schedule of Reports			
Fiscal Year	Quarterly Report	Activity	Date
2012-13	2011-12 Q4	Close of Quarter	6/30/12
		Quarterly Report to Commission Staff	8/30/12
		Presented to Commission	9/26/12
	2012-13 Q1	Close of Quarter	9/30/12
		Quarterly Report to Commission Staff	11/15/12
		Presented to Commission	12/5/12
	2012-13 Q2	Close of Quarter	12/31/12
		Quarterly Report to Commission Staff	2/15/13
		Presented to Commission	3/5/13
	2012-13 Q3	Close of Quarter	3/31/13
		Quarterly Report to Commission Staff	5/15/13
		Presented to Commission	6/11/13
2013-14	2013-14 Q4	Close of Quarter	6/30/13
		Quarterly Report to Commission Staff	8/30/13
		Presented to Commission	10/8/13

Department of Transportation Quarterly Finance Report

Second Quarter FY 2012-13

EXECUTIVE SUMMARY

2012-13 Capital Allocations vs. Capacity Summary through December 31, 2012 (\$ in millions)					
	SHOPP ¹	STIP ¹	TCRP	BONDS	TOTAL
Total Allocation Capacity	\$1,672	\$620	\$83	\$2,801	\$5,176
Total Votes	475	\$404	93	717	\$1,689
Authorized Changes ²	-38	0	0	0	-\$38
Total Remaining Capacity	\$1,235	\$216	\$0	\$2,084	\$3,525

Note: Totals may not add due to rounding

¹Proposition 1B bond capacity included in total: \$47M (Prop 1B SHOPP); \$35M (Prop 1B STIP).

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

The California Transportation Commission (CTC) allocated \$1.7 billion toward 356 projects through the second quarter of fiscal year 2012-13. Adjustments totaled negative \$38 million, leaving \$3.5 billion (approximately 68 percent) in remaining capacity.

The State Highway Account (SHA) and the Public Transportation Account (PTA) were both within acceptable range of forecast (Refer to Appendix B). The Traffic Congestion Relief Fund (TCRF), the Transportation Investment Fund (TIF), and the Transportation Deferred Investment Fund (TDIF) cash balances were all higher than forecast primarily because of lower than anticipated expenditures.

During the second quarter, there were no updates on the federal sequestration. However, on January 2, 2013, President Obama signed the American Taxpayer Relief Act of 2012 (HR 8). HR 8 acts to delay the budget sequestration for two months. As mentioned in the first quarter report, programs supported by the Federal Highway Trust Fund are exempt from sequestration, which means California's transportation funding will be minimally impacted should the sequestration move forward.

On January 10, 2013, Governor Brown released his Proposed Budget for California. The budget authorizes \$12.8 billion in expenditures for Caltrans, including \$5 billion for Capital Outlay and \$3.6 billion for Local Assistance. This is a small increase (approximately one percent) from the 2012-13 Enacted Budget, and also includes \$2.2 billion in expenditures for Proposition 1B.

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	\$225	\$149	-\$3	\$146	\$79
FTF	1,400	326	-28	\$298	\$1,102
Prop 1B SHOPP	47	0	-7	-\$7	\$54
Total	\$1,672	\$475	-\$38	\$437	\$1,235

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

Including adjustments totaling negative \$38 million, SHOPP allocations totaled \$437 million (26 percent) toward 133 projects through the second quarter. The remaining capacity is \$1.2 billion (74 percent). The large unallocated balance is due in large part to the de-allocation of \$206 million of SHOPP funding in favor of the Corridor Mobility Improvement Account (CMIA) for the Gerald Desmond Bridge and Devore Heights projects.

Outlook for Funding & Allocations

California's slow recovery from the economic downturn continued during the second quarter. Revenue for the SHA has likewise continued to be lower than expected. During November, the State Controller's Office (SCO) transferred \$56 million to the SHA to cover the 2011-12 portion of the outstanding monthly backfill amount from excise taxes related to the Weight Fee Swap. This transfer satisfies the outstanding balance for 2011-12. The SCO has indicated that transfers of the outstanding amount from the first quarter of this fiscal year should begin shortly. The current balance owed to the SHA for July through September is approximately \$39 million. Subsequent months' revenues have been distributed properly.

Although a portion of the Weight Fee Swap backfill issue has been resolved, Caltrans expects that the SHA balance will still reach low funding levels during various times throughout the fiscal year. As mentioned in the previous quarterly report, this can be primarily attributed to large obligations including a \$202 million loan repayment to the GF, and \$165 million payment to the Toll Bridge Seismic Retrofit Program (TBSRP).

There were no updates on the federal sequestration during the second quarter; however, on January 2, 2013, President Obama signed the American Taxpayer Relief Act of 2012 (HR 8). HR 8 acts to delay the budget sequestration for two months. As mentioned in the first quarter report, programs supported by the Federal Highway Trust Fund are exempt from sequestration, which means California's transportation funding will be minimally impacted.

The 2012-13 Governor's Budget was released on January 10, 2013. It proposes approximately \$12.8 billion for Caltrans, including \$5 billion in Capital Outlay expenditures and \$3.6 billion for Local Assistance.

Recommendations

Caltrans will continue to closely monitor the SHA fund balance and any major changes will be communicated to the Commission. In addition, should the situation with the SHA become severe, Senate

Bill (SB) 84 of 2011-2012 allows Caltrans to borrow up to \$313 million from the General Fund (GF) to ensure the fund has adequate funding to cover costs.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$200	\$135	\$1	\$136	\$64
FTF	300	193	0	193	107
PTA	85	60	0	60	25
Prop 1B STIP	35	16	0	16	20
Total	\$620	\$404	\$0	\$404	\$216

Capital Allocations vs. Capacity

Of the \$620 million STIP capacity, a total of \$404 million (65 percent) was allocated toward 93 projects through the second quarter. The remaining STIP capacity totals \$216 million (35 percent).

Outlook for Funding & Allocations

State Highway Account (SHA). During November, the SCO transferred \$56 million to the SHA to cover the 2011-12 portion of the outstanding monthly backfill amount from excise taxes related to the Weight Fee Swap. This transfer satisfies the outstanding balance for 2011-12. The current balance owed to the SHA for July 2012 through September 2012 is approximately \$39 million. Subsequent months' (October and forward) revenues have been distributed properly.

Although a portion of the Weight Fee Swap backfill issue has been resolved, Caltrans still expects low SHA funding levels throughout the fiscal year. This can be primarily attributed to large obligations including a \$202 million loan repayment to the GF, and \$165 million payment to the Toll Bridge Seismic Retrofit Program (TBSRP).

Federal Trust Fund (FTF). The sequestration scheduled for January 2013 has been delayed for two months due to the passage of HR 8.

Public Transportation Account (PTA). Effective July 1, 2012, sale of all diesel fuels are subject to an additional sales tax of 2.17 percent, which is transferred to the PTA on a quarterly basis.

Transportation Facilities Account (TFA). Due to a significant increase in project expenditures over the past several months, Caltrans anticipates exhausting its available Proposition 1B cash resources by early to mid February 2013 and will be requesting a Commercial Paper (CP) issuance in January 2013. The Department of Finance (DOF) authorized Caltrans to receive up to \$247 million in CP for Proposition 1B projects and \$27.2 million in CP for Proposition 1A high-speed rail connectivity projects should cash on-hand be insufficient to meet project needs before the next bond sale. Commercial paper consists of short-term notes issued for the purpose of meeting short-term financial obligations, and is repaid from future

general obligation bond sales. Although the table above shows remaining capacity, Caltrans does not recommend further allocations until a final reconciliation of projects costs is completed.

Transportation Investment Fund (TIF). Caltrans is projecting TIF resources are sufficient to fund its obligations through 2013-14.

Recommendations

Caltrans will continue to monitor potential impacts, and if necessary, recommend changes.

TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program					
(\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
TCRF	\$83	\$93	\$0	\$93	-\$10
Total	\$83	\$93	\$0	\$93	-\$10

Note: Totals may differ due to rounding.

Capital Allocations vs. Capacity

The TCRP remained unchanged for the second quarter. \$93 million has been allocated toward seven projects. The TCRP is currently over-allocated by \$10 million. There are no further TCRP projects expected to be allocated this fiscal year.

Outlook for Funding & Allocations

Approximately \$731 million in loan repayments are still outstanding from the GF (See Appendix D). The TCRP receives \$83 million per year for repayment of \$249 million in outstanding Proposition 42 loans. The 2011-12 Governor's Budget indicated that Tribal Gaming repayments (Pre-Proposition 42) would begin no earlier than 2016-17; however, there is no statutory repayment schedule.

Recommendations

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

PROPOSITION 1A & 1B BONDS

Proposition 1B Bonds			
(\$ in millions)			
Fund	Allocation Capacity	Allocations to Date	Remaining Capacity
Proposition 1A	\$819	\$230	\$589
CMIA	324	\$190	133
TCIF	794	137	657
Intercity Rail	172	0	172
State-Local Partnership	503	150	353
Local Bridge Seismic	23	4	19
Grade Separations	43	0	43
Traffic Light Synch.	50	8	42
Route 99	73	-2	74
Total	\$2,801	\$717	\$2,084

Note: Totals may differ due to rounding

Capital Allocations vs. Capacity

Through the second quarter, \$717 million (26 percent) has been allocated toward 123 Proposition 1A and 1B bond projects. There is a balance of \$2 billion in remaining capacity.

Outlook for Funding & Allocations

Bond Funding. Due to a significant increase in project expenditures over the past several months, Caltrans anticipates exhausting its available Proposition 1B cash resources around February 2013 and will be requesting a CP issuance. The DOF authorized Caltrans to receive up to \$247 million in CP for Proposition 1B projects and \$27.2 million in CP for Proposition 1A high-speed rail connectivity projects should cash on-hand be insufficient to meet project needs before the next bond sale. CP consists of short-term notes issued for the purpose of meeting short-term financial obligations, and is repaid from future general obligation bond sales

Although no new bond proceeds have been received for Proposition 1A, cash resources for that program are deemed sufficient to allow Caltrans to recommend allocation of all 2012-13 Proposition 1A projects ready to move forward. Should Proposition 1A cash resources begin to wane; the \$27.2 million in authorized CP will be available to meet financial obligations until future bond proceeds are obtained.

The STO bond calendar indicates there are currently no bond sales scheduled.

Recommendations

The priority for the use of bond proceeds has been to fund ongoing projects before funding any new allocations. Caltrans anticipates being able to continue recommending allocation of all bond projects that come forward for vote during this fiscal year.

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

2012-13 Allocation Capacity By Fund and Program (\$ in millions)					
Fund	SHOPP	STIP	TCRP	Other Bonds	Total
SHA	\$225	\$200	\$0	\$0	\$425
FTF	1,400	300	0	0	1,700
PTA	0	85	0	0	85
TCRF	0	0	83	0	83
<i>Prop 1A Bonds*</i>	0	0	0	819	819
<i>Prop 1B Bonds*</i>	47	35	0	1,982	2,064
Total Capacity	\$1,672	\$620	\$83	\$2,801	\$5,176

* Bond capacity represents total budget authority and is subject to sales in 2012-13. Numbers may differ due to rounding.

The 2012-13 allocation capacity of \$5.176 billion includes Proposition 1A and Proposition 1B capacity.

This allocation capacity is based on:

- The PTA allocation capacity of \$85 million is based on a prudent cash balance of \$100 million and includes unused rolled over capacity from 2011-12.
- The SHOPP allocation capacity is based on the 2012-13 Budget Act revenue and expenditure estimates and the 2012 STIP Fund Estimate federal receipts.
- 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 CTC, in consultation with Caltrans and local agencies.
- SHOPP and STIP bond capacity is based on the remaining bond authority, 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.
- Proposed Proposition 1A capacity is based on the enacted budget and includes 2011-12 savings.

APPENDIX B – FORECAST METHODOLOGY

Methodology and Assumptions

The cash forecasts for the SHA, PTA, TCRF, TIF and TDIF are used by Caltrans 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 CTC. If necessary, adjustments are made to capital allocation levels, funding policy, or forecast methodology. The 2012-13 cash forecasts and allocation capacities are based on the following assumptions:

- State Operations projections are based on historical trends and using the Planning Estimate with a two-percent increase each year.
- Includes the most current expenditure projections available for Right-of-Way SHOPP and STIP.
- Capital Outlay and Local Assistance expenditures are based on actual and projected CTC allocations using historical and seasonal construction patterns.
- Monthly adjustments are not forecasted, since they comprise timing differences between Caltrans' accounting system and the SCO. These adjustments include short-term loans made to the GF, short-term loan repayments, Plans of Financial Adjustments, funds transferred in and out, and reimbursements.
- Federal receipts of approximately \$3.0 billion are based on the 2012 STIP Fund Estimate.

SHA

- The beginning balance includes two payments to the Project Information System and Analysis (PISA) in June 2012.
- \$374 million loan to the GF in 2012-13 and another \$48 million loan in 2013-14.
- \$404 million loan repayment to the GF in 2012-13.
- Repayment of \$150 million from the GF in 2013-14, coinciding with a \$150 million loan repayment to the TCRF in 2013-14.
- Proposition 1B repayment of \$300 million from the American Recovery and Reinvestment Act of 2009 in 2013-14.
- Repayment of \$100 million in weight fee backfill payments, pursuant to AB 1466.
- Weight fee revenues and excise tax revenues are based on the May Revision to the Governor's Budget. Miscellaneous revenues are based on historical trends.
- Continued monthly transfers of weight fee revenues to the Transportation Debt Service Fund (TDSF).
- Transfer to the Toll Bridge Seismic Retrofit Program of \$165 million in 2012-13.

PTA

- Includes revenue projections provided by the DOF.

TCRF

- Annual suspended Prop 42 transfer from the TDIF of \$83 million through 2015-16.
- Future allocations are based on the projected net revenues received in 2012-13.
- No future tribal compact (Pre-Prop 42) payments are expected to be received.

TIF

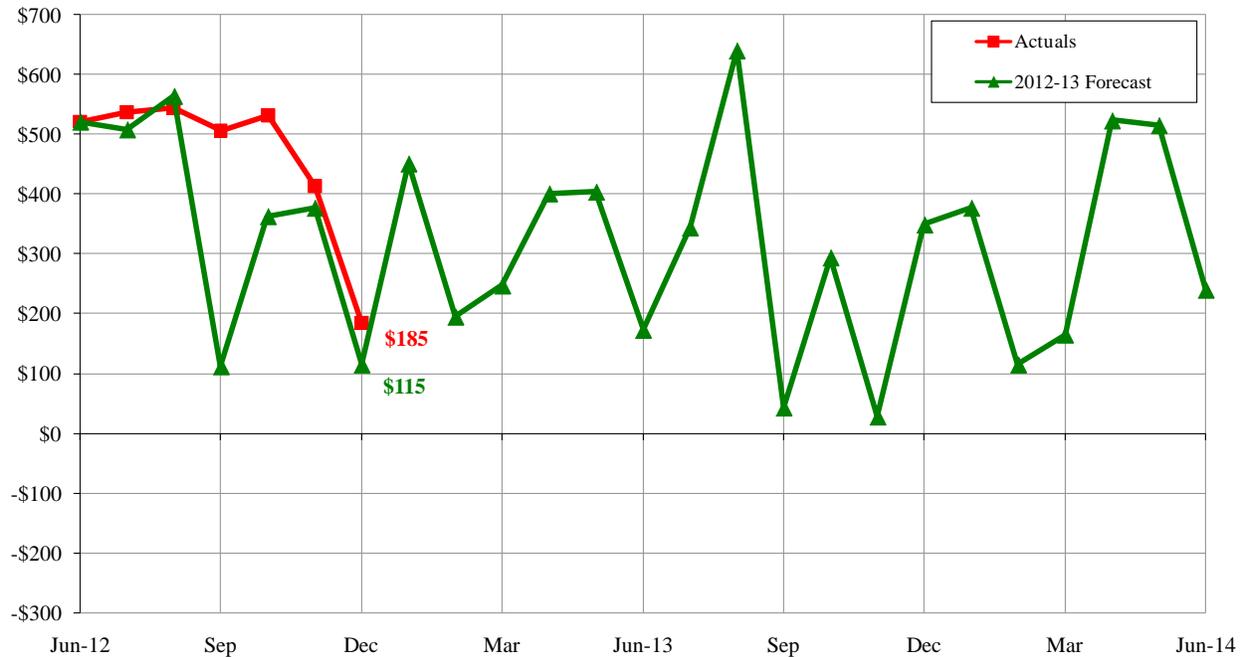
- The fund will not receive any new revenue.

TDIF

- Receipt of \$83 million in Prop 42 repayments, and annual transfer of \$83 million to the TCRF.

APPENDIX B – STATE HIGHWAY ACCOUNT

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



Year-to-Date SHA Summary

The SHA ended the second quarter with a cash balance of \$185 million, \$70 million (61 percent) above the forecasted amount of \$115 million. The fund's low cash balance is primarily due the \$165 million payment to the TBSRP, which was forecasted to occur in the first quarter, but did not occur until the second quarter. Revenues for the quarter were \$1.984 billion, \$107 million (6 percent) above forecast. Revenues were higher than forecast due to the \$56 million payment of delayed 2011 Weight Fee Swap backfill resources. This transfer satisfies the outstanding balance for 2011-12; however, approximately \$39 million is owed to the SHA for July 2012 through September 2012. Transfers totaled \$653 million, \$28 million (4 percent) below forecast. Expenditures for the quarter totaled \$1.857 billion, \$55 million (3 percent) above forecast. Adjustments, which represent timing differences between Caltrans' accounting system and the SCO's accounting system, totaled a positive \$130 million.

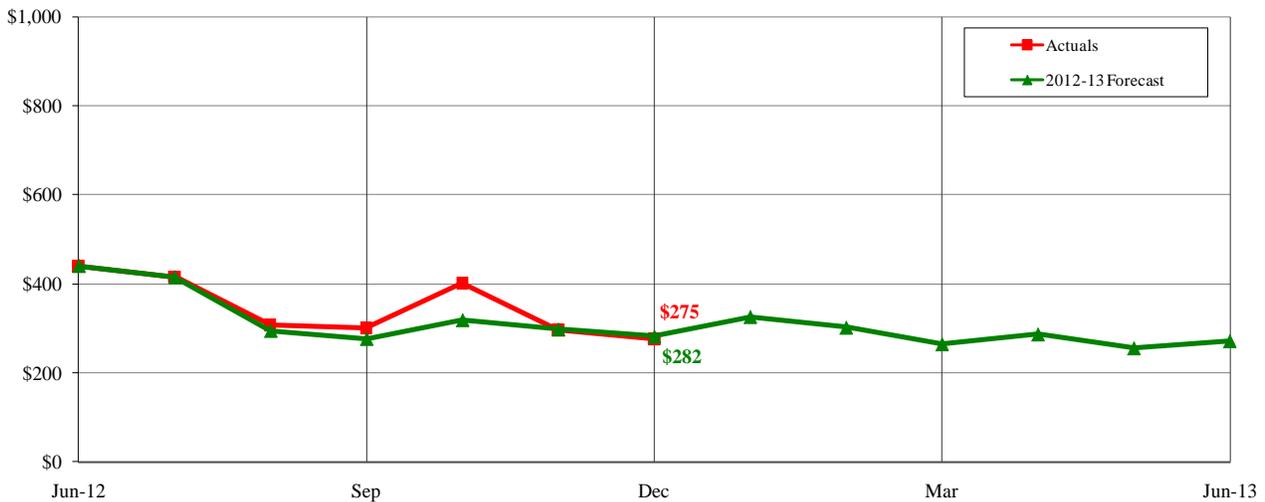
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$521	\$521	N/A	
Revenues	1,878	1,984	107	
Transfers	-682	-653	28	
Expenditures	-1,802	-1,857	-55	
Adjustments	200	190	-10	
Ending Cash Balance	\$115	\$185	\$70	61%

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 ending cash balance through the second quarter was \$275 million, \$7 million (3 percent) below the forecasted amount of \$282 million. Revenues and transfers through the second quarter totaled \$152 million, \$34 million below forecast. Expenditures for the quarter totaled \$196 million, \$27 million below forecast. The low cash balance is due to lower than forecasted revenues and expenditures, including State Transit Assistance (STA) payments. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a negative \$120 million.

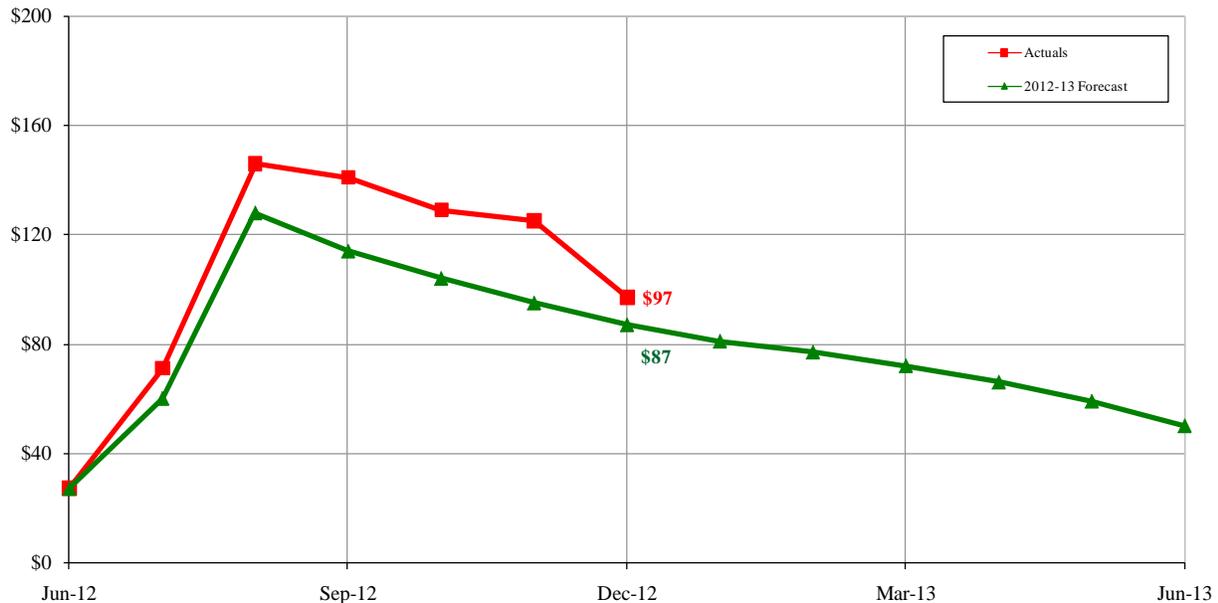
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$440	\$440	N/A	
Revenues	179	145	-34	
Transfers	6	7	0	
Expenditures	-223	-196	27	
Adjustments	-121	-120	0	
Ending Cash Balance	\$282	\$275	-\$7	-3%

Note: Ending cash balance 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 second quarter was \$97 million, \$9 million (10 percent) above the forecasted amount of \$87 million. Year-to-Date transfers totaled \$133 million, which included a \$50 million partial loan repayment from the SHA. Expenditures totaled \$94 million, \$21 million (29 percent) higher than forecast. This difference was primarily attributed to the processing of the remaining accrued expenditures from the previous fiscal year along with current year expenditures. Adjustments, which represent timing differences between Caltrans’ accounting system and the SCO’s accounting system, totaled a positive \$30 million.

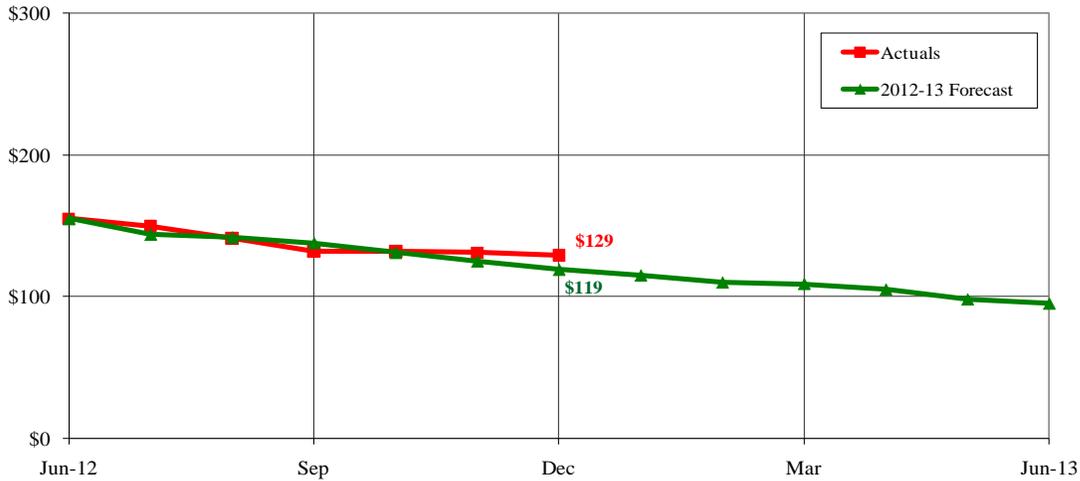
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$27	\$27	N/A	
Revenues	0	0	0	
Transfers	133	133	0	
Expenditures	-73	-94	-21	
Adjustments		30	30	
Ending Cash Balance	\$87	\$97	\$9	10%

Note: Ending cash balance 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 second quarter was \$129 million, \$10 million (9 percent) above the forecasted amount of \$119 million. The TIF no longer receives revenue due to the passage of ABX8 6 and ABX8 9 of 2010, collectively known as the Fuel Tax Swap. Expenditures totaled \$28 million, \$8 million (22 percent) below the forecast. Year-to-date adjustments totaled \$3 million.

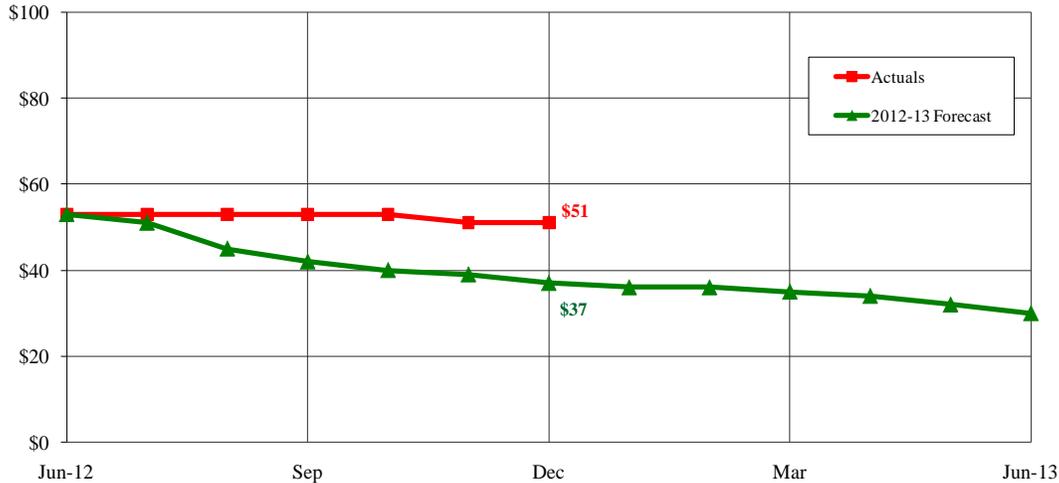
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$155	\$155	N/A	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-36	-28	8	
Adjustments		3	3	
Ending Cash Balance	\$119	\$129	\$10	9%

Note: Ending cash balance 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 second quarter was \$51 million, \$14 million (36 percent) above the forecasted amount of \$37 million. Year-to-date transfers totaled negative \$83 million, which is attributable to the \$83 million transfer to the TCRF. Expenditures totaled \$1 million, \$14 million (93 percent) below forecast. This can be attributed to projects spending slower than anticipated. Caltrans is currently analyzing expenditures and may revise the forecast to ensure a more accurate projection. Year-to-date adjustments totaled a negative \$1 million. No future allocations will be made from the TDIF.

Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$53	\$53	N/A	
Revenues	83	83	0	
Transfers	-83	-83	0	
Expenditures	-15	-1	14	
Adjustments		-1	-1	
Ending Cash Balance	\$37	\$51	\$14	36%

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 December 30, 2012, nor has the Department received any new Emergency Relief allocations from the Federal Highway Administration (FHWA). The chart below represents disasters that have not been completely funded by FHWA.

Disaster Repair Costs			
Approved Federal Funding and State/Local Impact			
(\$ millions)			
Disaster	Identified Cost of Disaster Repair		
	State	Local	Total
Devil's Slide CA83-1	631	0	631
Dec. 2004 Storm CA05-1	208	104	312
Dec. 2005 Storm CA06-1	315	55	370
So. California Wildfires CA08-3	20	5	25
California Wildfires CA08-6	9	0	9
So. California Wildfires CA09-1	9	0	9
So. California Wildfires CA09-2	16	7	23
Jan. 2010 Storm CA10-1	95	12	107
Humboldt Co. Earthquake CA10-2	1	2	3
Imperial Co. Earthquake CA10-3	1	3	4
Dec. 2010 Storm CA11-1	63	52	115
Modoc Co. Storm damage CA11-2	0	1	1
Mar. 2011 Storm CA11-3	308	15	323
LA Tanker Fire CA12-1	39	0	39
So. California Windstorm CA12-2	1	4	5
Mar. 2012 Storm CA12-3	31	0	31
Total Damage Estimate	\$1,747	\$260	\$2,007
Amount Obligated To Date			\$1,347
Allocation Available for Future Project Costs			\$73
Remaining Need			\$587

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 the SHA funds have already been advanced for the emergency projects.

APPENDIX D – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of December 31, 2012			
(\$ in millions)			
FUND	Original Loan	Loans / Interest Paid-to-Date	Remaining Balance
Pre-Proposition 42 (Tribal Gaming Revenue):			
State Highway Account (SHA) ¹	\$473	\$341	\$132
Public Transportation Account (PTA)	275	10	265
Traffic Congestion Relief Fund (TCRF)	482	0	482
Subtotal Pre-Proposition 42 Tribal Gaming Loans:	\$1,230	\$351	\$879
Proposition 42:			
Public Transportation Account (PTA) ⁷	\$220	\$218	\$2
Transportation Investment Fund (TIF) ⁷	440	440	0
Transportation Congestion Relief Fund (TCRF) ²	1,066	817	249
Locals ⁵	440	440	0
Subtotal Proposition 42 Loans:	\$2,167	\$1,916	\$251
General Fund Loan:			
State Highway Account (SHA) ³	\$335	\$50	\$285
State Highway Account - Weight Fee Revenues ⁴	\$227	\$0	\$227
State Highway Account - Weight Fee Revenues ^{4a}	\$249	\$0	\$249
Highway User Tax Account (HUTA) ⁵	\$328	\$0	\$328
Public Transportation Account ⁶	\$29	\$0	\$29
Other transportation accounts	\$31	\$1	30
Subtotal General Fund Loan:	\$1,199	\$51	\$1,148
Totals:	\$4,595	\$2,318	\$2,277

Note: Numbers may not add due to rounding.

¹The remaining balance of \$132 million will be directed to debt service per AB 115 of 2010.

²The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in FY 2015-16.

³The SHA is expected to be repaid \$150 million by FY 2013-14, \$135 million in FY 2014-15. AB105 of 2011 subsequently characterized \$13: as derived from weight fees.

⁴The \$80 and \$147 million was authorized by Budget Act of 2010 and subsequently characterized as weight fees via AB 115

^{4a}Post AB115 weight fee transfers-Budget Act of 2011-\$43.7 million loan, \$139 million-excess weight fee loan to GF, \$24.7 million fee loan to from SHA, VC9400.4(b)(2) - \$42 million

⁵The HUTA is expected to be repaid \$328 million in 2020-21.

⁶The PTA is expected to be repaid \$29 million in 2020-21.

⁷Includes interest payments \$8 million for PTA, \$16 million for TIF and Locals.

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, 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 GF, 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 DOF began using the compact revenues to make annual payments toward these loan balances pursuant to Government Code §63048.65. However, the 2011-12 Governor's Budget indicated that Tribal Gaming repayments would restart no earlier than 2016-17, with the SHA as the first fund to be repaid. Passage of Assembly Bill 115 of 2010 (AB 115) declared that the SHA repayments are revenues derived from weight fees. As such, repayment of the loan to the SHA will be transferred to the TDSF by the SCO and are due by June 30, 2021.

Proposition 42 Loans

The passage of Proposition 42 in 2002 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 \$1.399 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. As of December 2012, TCRF is due \$249 million. With the re-enactment of the Fuel Tax Swap in March 2011 (AB 105 of 2011), which eliminated the state portion of sales tax on gasoline, there are no current Proposition 42 transfers.

General Fund Loans

The Budget Act of 2008 authorized \$231 million in loans to the GF 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 (HPMF), and the Pedestrian Safety Account. These funds were transferred to the GF on November 14, 2008. The \$231 million authorized in loans were scheduled to be repaid by June 30, 2011, but the Budget Act of 2012 delayed the repayments. The SHA received a partial repayment of \$50 million after the close of the fourth quarter of 2011-12, and an additional \$50 million is scheduled to be repaid in fiscal year 2012-13. The remaining \$100 million is scheduled to be repaid by June 30, 2014. The repayment of \$28 million to the various, smaller transportation accounts is expected in 2016-17. A partial repayment of \$1 million was received by the HPMF on June 14, 2012. Repayment of the remaining HPMF loan balance of \$2 million has been extended to a date no later than June 30, 2014.

A \$135 million loan from the SHA to the GF was authorized in the Budget Act of 2009. The loan to the GF occurred on June 30, 2010. The authorized \$135 million loan was scheduled to be repaid by June 30, 2013, but the Budget Act of 2012 delayed the repayment to June 30, 2015. In 2011, the passage of AB 105 subsequently characterized the \$135 million loan as revenue derived from weight fees.

The Budget Act of 2010 authorized a loan of \$29 million from the PTA to the GF. This loan is scheduled to be repaid by June 30, 2021.

The outstanding Highway Users Tax Account (HUTA) loans of \$328 million were authorized by the Budget Act of 2010. These loans are required to be repaid, with interest calculated at the rate earned by the Pooled Money Investment Account, by June 30, 2021.

The passage of AB 115 authorized the postponement of repayment of \$804 million in loans from the GF to transportation funds until June 30, 2021. Upon repayment of the \$804 million in loans, the SCO will immediately transfer these funds to the TDSF for transportation bond debt service.

In fiscal year 2010, a payment deferral from the SHA to GF of \$404 million occurred. A partial payment of \$203.6 million was paid in July 2012. The remaining payment of \$202 million will be repaid in April 2013.

Weight Fees

In 2010, California voters passed Proposition 22, which amended the California Constitution by significantly restricting the State from using fuel excise tax revenues for GF relief, which was previously allowed. In 2011, the passage of AB 105 created a “weight fee swap” which allowed the State to use weight fee revenues for GF relief rather than fuel excise tax revenues. The bill authorized transfers of weight fee revenues from the SHA to the GF for transportation debt service and loans. To offset this diversion, an equivalent amount of taxes from the new price-based excise tax is transferred to the SHA.

The Budget Act of 2010 authorized \$80 million and \$147 million in loans from the SHA to the GF. With the passage of AB 115 in January 2011, these loans were “grandfathered” into statute and characterized as being derived from weight fees; consequently, repayment of these loans to the SHA will be transferred to the TDSF for transportation bond debt service.

AB 115 also proposed an additional loan of \$43.7 million to the GF, which was authorized in the 2011 Budget Act. In May and June 2012, excess weight fees available in the SHA were transferred as loans to the GF in the amount of \$139 million and \$24.7 million, respectively. Pursuant to Section 9400.4(b) (2) of the Vehicle Code, an additional \$42 million was transferred as a loan from excess weight fee revenues in the SHA to the GF on July 1, 2012. The \$42 million shall be repaid no later June 30, 2021. In total, there is \$476 million in outstanding loans to the GF derived from weight fee revenues.

APPENDIX D – INTERFUND TRANSPORTATION LOANS

Fiscal Year Borrowed	From Account	To Account	Description	Amount	Repaid	Remaining Balance
2008-09	TCRF	SHA	Backfill SHA transfer to the GF	\$200	\$50	\$150
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	0	135
Totals				\$335	\$50	\$285

A loan of \$200 million was transferred in 2008-09 to the SHA from the TCRF to backfill a \$200 million loan to the GF. A partial repayment of \$50 million was repaid to the TCRF in July 2012.

A loan of \$135 million was transferred in 2009-10 to the SHA from the PTA to backfill a \$135 million loan to the GF. The \$135 million loan repayment to the PTA has been extended to June 2015.