

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 25, 2014

Reference No.: 3.7
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Budgets

Subject: **FY 2013-14 THIRD QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2013-14 Third Quarter Finance Report.

Attachment



Department of Transportation Quarterly Finance Report

Third Quarter 2013-14

Department of Transportation
Division of Budgets

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 California Department of Transportation 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 fiscal year 2013-14 Quarterly Finance Reports.

Quarterly Finance Report			
Schedule of Reports			
Fiscal Year	Quarterly Report	Activity	Date
2013-14	2012-13 Q4	Close of Quarter	6/30/13
		Quarterly Report to Commission Staff	8/30/13
		Presented to Commission	10/8/13
	2013-14 Q1	Close of Quarter	9/30/13
		Quarterly Report to Commission Staff	11/15/13
		Presented to Commission	12/10/13
	2013-14 Q2	Close of Quarter	12/31/13
		Quarterly Report to Commission Staff	2/15/14
		Presented to Commission	3/20/14
	2013-14 Q3	Close of Quarter	3/31/14
		Quarterly Report to Commission Staff	5/15/14
		Presented to Commission	5/21/14
2014-15	2013-14 Q4	Close of Quarter	6/30/14
		Quarterly Report to Commission Staff	8/30/14
		Presented to Commission	10/8/14

Department of Transportation Quarterly Finance Report

Third Quarter 2013-14

EXECUTIVE SUMMARY

2013-14 Capital Allocations vs. Capacity Summary through March 31, 2014 (\$ in millions)					
	SHOPP ¹	STIP	TCRP ³	BONDS	TOTAL
Total Allocation Capacity	\$2,085	\$640	\$71	\$765	\$3,561
Total Votes	881	419	78	350	\$1,728
Authorized Changes ²	-115	1	0	0	-\$114
Total Remaining Capacity	\$1,319	\$220	\$0	\$415	\$1,947

Note: Totals may not add due to rounding

¹Proposition 1B bond capacity included in total: \$86 million (Proposition 1B SHOPP).

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

³TCRP funds are over-allocated. See TCRP section for details.

The California Transportation Commission (Commission) has allocated \$1.7 billion toward 343 projects through the third quarter of fiscal year 2013-14. Adjustments totaled negative \$114 million, leaving \$1.9 billion (approximately 54 percent) in remaining allocation capacity.

The bulk of the remaining capacity is primarily due to low State Highway Operation and Protection Program (SHOPP) allocations. The California Department of Transportation (Department) anticipates a large SHOPP delivery during the fourth quarter.

During the third quarter, the State Highway Account (SHA) ended with a high cash balance primarily due to higher than expected revenues, lower than anticipated expenditures, and delayed transfers that are now anticipated to occur in the fourth quarter. The Public Transportation Account (PTA) and the Transportation Deferred Investment Fund (TDIF) both ended the third quarter within acceptable range of forecast. The Transportation Investment Fund (TIF) ended the third quarter with a higher than forecasted cash balance due to a credit for prior disbursements and expenditures processing slower than anticipated. The Traffic Congestion Relief Fund (TCRF) ended the third quarter with a higher than expected cash balance due to expenditures being lower than anticipated and an early loan repayment in the amount of \$50 million from the SHA, which was originally anticipated in the fourth quarter.

Effective July 1, 2014, the Board of Equalization (BOE) has authorized a one-cent increase in the per-gallon excise tax on diesel fuel (increase from 10 cents to 11 cents). This increase has already been accounted for, and is in line with, the 2014 Fund Estimate and the 2014-15 proposed Budget.

Effective July 1, 2014, the BOE has also authorized a decrease of the price-based excise tax on gasoline from 21.5 cents per gallon to 18 cents per gallon. This decrease has been accounted for in the 2014 Fund Estimate and the 2014-15 proposed Budget.

In March 2014, President Obama released a four-year surface transportation reauthorization plan, as part of the 2015 federal budget. The reauthorization plan includes a proposal to supplement existing revenue for the Federal Highway Trust Fund (FHTF). Congress has reached an "agreement in

principle” on a surface transportation bill, but is still searching for sustainable funding solutions for the FHTF. Based on current spending and revenue trends, the United States Department of Transportation estimates that the FHTF may encounter a shortfall by the end of August 2014. Impacts of the potential shortfall could include slowed federal reimbursement to states or partial/pro-rated reimbursements based on available cash. Based on a cash flow analysis of the SHA, the Department should be able to support short-term commitments should federal reimbursements slow or cease altogether. However, these methods would only offer a temporary solution while the FHTF looks for sustainable funding solutions. The Department will continue to monitor progress closely.

Included in this quarterly report is a new section for Authorized Changes (Appendix B). The new section provides a count of authorized allocation adjustments, and net savings, through the third quarter of 2013-14. As a result of the new section, subsequent Appendices have been renamed; details are enclosed.

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	\$250	\$172	-\$11	\$161	\$89
FTF	1,750	708	-108	600	1,150
Proposition 1B	85	0	4	4	81
Total	\$2,085	\$881	-\$115	\$766	\$1,319

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission has allocated \$881 million toward 189 SHOPP projects through the third quarter of 2013-14. Adjustments totaled negative \$115 million, leaving \$1.3 billion (approximately 63 percent) in remaining allocation capacity. The large amount in remaining capacity is anticipated to be delivered during the fourth quarter.

Outlook for Funding & Allocations

SHA. The Department anticipates the majority of the remaining SHA SHOPP resources will be committed during the fourth quarter. The SHA is currently forecasting a spike in cash during 2013-14 and 2014-15 as a result of the temporary increase in revenues from the price-based excise tax which rose from 18 cents per gallon to 21.5 cents per gallon. However, the current forecast does not include early loan repayments proposed in the Governor's Budget, which could further increase the high cash balance. Although the increase translates to additional revenues for the SHA in the short term, the high balance spike is projected to decrease in future years, as allocated projects begin spending and as projected revenues steadily decline. Effective July 1, 2014, the price-based excise tax on gasoline is expected to decrease from 21.5 cents per gallon to 18 cents per gallon. SHA resources are currently projected to be sufficient to fund its commitments through 2013-14.

Federal Trust Fund (FTF). The Commission has committed net allocations totaling \$600 million, roughly 34 percent, of allocation capacity available for federally eligible SHOPP projects through the third quarter. Despite concerns that the FHTF may run out of resources by the end of August 2014, the Department will continue to obligate federal funds. This decision is based on cash flow and financial leveraging analysis which indicate the SHA should be able to support commitments in the short-term, should federal reimbursements slow or cease altogether. However, the fund cannot sustain its solvency if the lack of reimbursement continues for an extended period of time. The Department will not recommend allocations of federal funds expected from the 2015 federal fiscal year until a new federal act is in place.

Proposition 1B. Proposition 1B projects had minimal allocation activity during the third quarter; however, several bond sales occurred. The Department received approximately \$374 million for use on Proposition 1B projects: \$273 million in Commercial Paper (CP) and \$101 million in general obligation bond sale proceeds. Additional information is located in the Bond Section.

Recommendations

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

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$250	\$161	-\$1	\$160	\$90
FTF	350	226	2	228	122
PTA	40	32	0	32	8
Total	\$640	\$419	\$1	\$420	\$220

Note: Totals may not add due to rounding.

Capital Allocations vs. Capacity

The Commission has allocated \$420 million toward 100 STIP projects through the third quarter of 2013-14. Adjustments totaled \$1 million, leaving \$220 million (approximately 34 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

SHA. SHA resources are currently projected to be sufficient to fund its commitments through 2013-14. Effective July 1, 2014, the price-based excise tax on gasoline will decrease from 21.5 cents per gallon to 18 cents per gallon. This decrease was anticipated and has been accounted for in the 2014 Fund Estimate and the 2014-15 proposed Budget. In addition, effective July 1, 2014, the excise tax on diesel fuel will increase by one cent per gallon (from 10 cents to 11 cents per gallon). This increase has already been accounted for, and is in line with, the 2014 Fund Estimate and the 2014-15 proposed Budget.

FTF. The Department has obligated a net of \$228 million (roughly 65 percent) on federally eligible STIP projects through the third quarter. Despite concerns that the FHTF will run out of resources by the end of August 2014, the Department will continue to obligate federal funds. This decision is based on cash flow and financial leveraging analysis which indicate the SHA should be able to support commitments in the short-term, should federal reimbursements slow or cease altogether. However, the fund cannot sustain its solvency if the lack of reimbursement continues for an extended period of time. The Department will not recommend allocations of federal funds expected from the 2015 federal fiscal year until a new federal act is in place.

PTA. The PTA currently has enough resources to meet its commitments through 2013-14.

TIF. The TIF no longer receives revenues. In addition, TIF expenditures are steadily decreasing and that trend is expected to continue. The Department anticipates requesting to move any remaining TIF resources and obligations to the SHA during 2014-15.

Recommendations

The Department will continue to monitor for 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	\$71	\$78	\$0	\$78	\$0
Total	\$71	\$78	\$0	\$78	\$0

Capital Allocations vs. Capacity

The Commission has allocated \$78 million toward eight TCRP projects through the third quarter of 2013-14. The TCRF is currently over-allocated by \$7 million. The Department plans to reduce the 2014-15 allocation capacity to offset the overage. There are no remaining projects expected to be allocated during this year.

Outlook for Funding & Allocations

As of March 2014, approximately \$167 million in suspended Proposition 42 loan repayments are still outstanding from the General Fund (GF). Refer to Appendix E for additional details. The TCRF is also owed \$482 million in Pre-Proposition 42 (Tribal Gaming) loans repayments. The 2011-12 Budget indicated that the Tribal Gaming loan repayments would begin no earlier than 2016-17; however, there is no statutory repayment schedule. Currently, the TCRF is not anticipated to make any additional allocations for 2013-14.

Recommendations

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

PROPOSITION 1A & 1B BONDS

Proposition 1A & 1B Bonds (\$ in millions)			
Fund	Allocation Capacity	Allocations to Date	Remaining Capacity
Proposition 1A	\$360	\$150	\$210
TCIF	220	113	107
Intercity Rail	44	11	33
Local Bridge Seismic	25	11	14
Grade Separations	28	2	26
Traffic Light Synch.	34	12	22
Route 99	53	51	2
Total	\$765	\$350	\$415

Note: Totals may not add due to rounding.

Capital Allocations vs. Capacity

The Commission has allocated \$350 million toward 46 Bond projects through the third quarter of 2013-14, leaving \$415 million (approximately 54 percent) in remaining allocation capacity. The majority of Proposition 1B funds are expected to be allocated by June 30, 2014.

Outlook for Funding & Allocations

Bond Funding. During the third quarter the Department received \$273 million in CP and \$101 million in general obligation bond upfront proceeds. Between this and previous CP authority, a total of \$374 million was made available for use toward Proposition 1B projects and more than \$12 million was made available for Proposition 116 projects. The resources received in March 2014 for Proposition 116 are expected to last through December 2014. The Proposition 1B resources received are expected to cover project costs through April 2014. The Department is scheduled to receive an additional \$575 million in general obligation bond upfront proceeds in May 2014. Proceeds from May 2014 will likely cover three months of project costs before CP is needed to provide resources, prior to the Fall 2014 bond sale.

Recommendations

The priority for the use of bond proceeds has been to fund ongoing projects before funding any new allocations. During the third quarter, the Department recommended allocation of all bond projects that came forward for vote. The Department anticipates being able to continue this recommendation.

APPENDICES

Appendix A Allocation Capacity and Assumptions

Appendix B Authorized Changes

Appendix C Cash Forecasts

- Forecast Methodology**
- State Highway Account**
- Public Transportation Account**
- Traffic Congestion Relief Fund**
- Transportation Investment Fund**
- Transportation Deferred Investment Fund**

Appendix D Federal Emergency Projects

Appendix E Transportation Loans

- Status of Outstanding Transportation Loans, as of March 31, 2014**
- Interfund Transportation Loans**

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2013-14 Allocation Capacity By Fund and Program (\$ in millions)					
Fund	SHOPP	STIP	TCRP	Other Bonds	Total
SHA	\$250	\$250	\$0	\$0	\$500
FTF	1,750	350	0	0	2,100
PTA	0	40	0	0	40
TCRF	0	0	71	0	71
Prop 1A Bonds	0	0	0	360	360
Prop 1B Bonds	85	0	0	404	489
Total Capacity*	\$2,085	\$640	\$71	\$765	\$3,561

*Totals may not add due to rounding.

The 2013-14 allocation capacity of \$3.5 billion includes Proposition 1A and Proposition 1B capacity.

This allocation capacity is based on:

- The PTA allocation capacity of \$40 million is based on a prudent cash balance of \$100 million.
- The SHA SHOPP allocation capacity is based on the 2013-14 Budget Act revenue and expenditure estimates and the proposed 2014 STIP Fund Estimate federal receipts. The total also includes 2012-13 carryover capacity.
- 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 consultation with the Department and local agencies.
- The annual TCRF allocation is typically \$83 million, but was reduced to \$81 million in 2013-14 due to a suspended Proposition 42 payment of \$2 million to the PTA.
- TCRF allocation capacity for 2013-14 was further reduced from \$81 million to \$71 million due to a \$10 million over-allocation in 2012-13.
- The PTA has received \$2 million in 2013-14 for the final repayment of outstanding Proposition 42 suspensions.
- Bond capacity for the SHOPP is based on the remaining bond authority, budget authority, and any administrative costs.
- Proposition 1A and 1B capacities are based on the enacted budget and include 2012-13 savings. The bond capacities are also dependent on the sale of sufficient bonds for funding.
- Budget Revision 2 authorized a \$76 million increase to the Proposition 1B Trade Corridors Improvement Fund allocation capacity during the second quarter of 2013-14.

APPENDIX B – AUTHORIZED CHANGES

2013-14 Authorized Changes Summary through March 31, 2014 (\$ in millions)				
Program	# of Adjustments			Net Change
	Increases	Decreases	Total	
SHOPP ¹	87	112	199	\$ (115)
STIP ¹	6	10	16	\$ 1
TOTAL	93	122	215	\$ (114)

Note: Totals may not add due to rounding

¹Proposition 1B bond G-12 adjustments are included in total.

Summary of Authorized Changes

Through the third quarter of 2013-14, the Department has authorized a total of 215 allocation adjustments, resulting in a savings of \$114 million.

Background

Commission Resolution G-09-12 (Resolution G-12) allows for the Director of the Department to adjust project allocations within specific limits. It is intended that the Director’s approved “decreases” will offset the Director’s approved “increases.” These authorized changes are known as G-12 authority. This delegation of authority greatly reduces the volume of financial transactions submitted to the Commission and increases the efficiency of the Department in processing changes. The Resolution G-12 requires that the Department report on all project capital outlay allocation changes made under this delegation to the Commission’s Executive Director on a monthly basis. The Department provides a detailed, project by project, report to Commission staff each month.

APPENDIX C – CASH FORECASTS – 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 2013-14 cash forecasts and allocation capacities are based on the following assumptions:

- State Operations projections are based on historical trends and use 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 Commission allocations using historical and seasonal construction patterns.
- Monthly adjustments are not forecasted, 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 GF, short-term loan repayments, Plans of Financial Adjustments, funds transferred in and out, and reimbursements.
- Federal receipts of approximately \$2.1 billion are based on the 2014 STIP Fund Estimate.

SHA

- Beginning balance includes two payments to the Project Information System and Analysis in June 2014.
- Includes a \$38 million loan to the GF in 2013-14, per Vehicle Code (VC) 9400.4 (c).
- Repayment from Proposition 1B for a \$300 million advancement of American Recovery and Reinvestment Act of 2009 funds, coinciding with a \$300 million payment to Bay Area Toll Authority in 2013-14.
- Repayment of \$50 million from the GF in 2013-14, coinciding with a \$50 million loan repayment to the TCRF in 2013-14.
- Repayment of \$100 million from the GF in 2014-15, coinciding with a \$100 million loan repayment to the TCRF in 2014-15.
- Repayment of \$85 million from the GF in 2014-15, coinciding with a \$85 million loan repayment to the PTA in 2014-15.
- State Operations expenditures are based on historical trends.
- Weight fee and excise tax revenue projections provided by the Department of Finance (DOF).
- Miscellaneous revenues are based on historical trends.
- Continued monthly transfers of weight fee revenues to the Transportation Debt Service Fund (TDSF).
- Prudent cash balance of \$415 million.

PTA

- Includes revenue projections provided by the DOF.
- Includes a \$2 million suspended Proposition 42 repayment in 2013-14.
- Includes \$26 million loan to the High-Speed Passenger Train Bond Fund in 2013-14.
- Prudent cash balance of \$100 million.

TCRF

- Annual suspended Proposition 42 transfer from the TDIF in the amount of \$83 million in 2013-14, followed by a \$2 million transfer to the PTA. Resume \$83 million transfer in 2014-15 and 2015-16.
- Reduced 2013-14 allocation capacity from \$81 million to \$71 million due to a \$10 million over-allocation in 2012-13.
- Future allocations are based on the projected net revenues received in 2013-14.
- No future tribal compact (Pre-Proposition 42) payments are expected to be received.

TIF

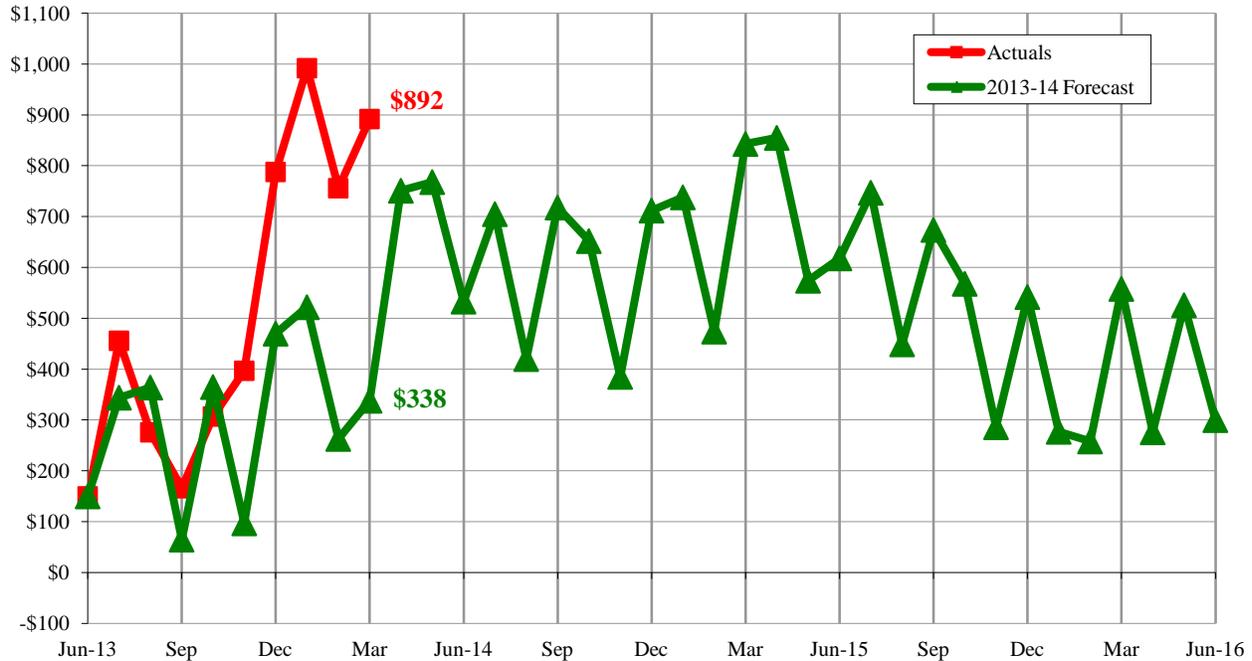
- The fund will not receive any new revenue.

TDIF

- Receipt of \$83 million in Proposition 42 repayments.
- Transfer of \$83 million to the TCRF.

APPENDIX C – CASH FORECASTS – STATE HIGHWAY ACCOUNT

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



Year-to-Date SHA Summary

The SHA ending cash balance through the third quarter was \$892 million, \$554 million (164 percent) above the forecasted amount of \$338 million. The variance is due to expenditures being lower than anticipated, higher than expected revenues, and delayed transfers totaling \$73 million to the TDSF, which are now anticipated in the fourth quarter. Revenues totaled \$3.4 billion, \$104 million (3 percent) above the forecast. Transfers totaled negative \$389 million, \$80 million (17 percent) below forecast. Expenditures totaled \$2.7 billion, \$108 million (4 percent) below forecast. In addition, timing differences in the posting of contractor payments contributed to the higher than forecasted balance. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$462 million.

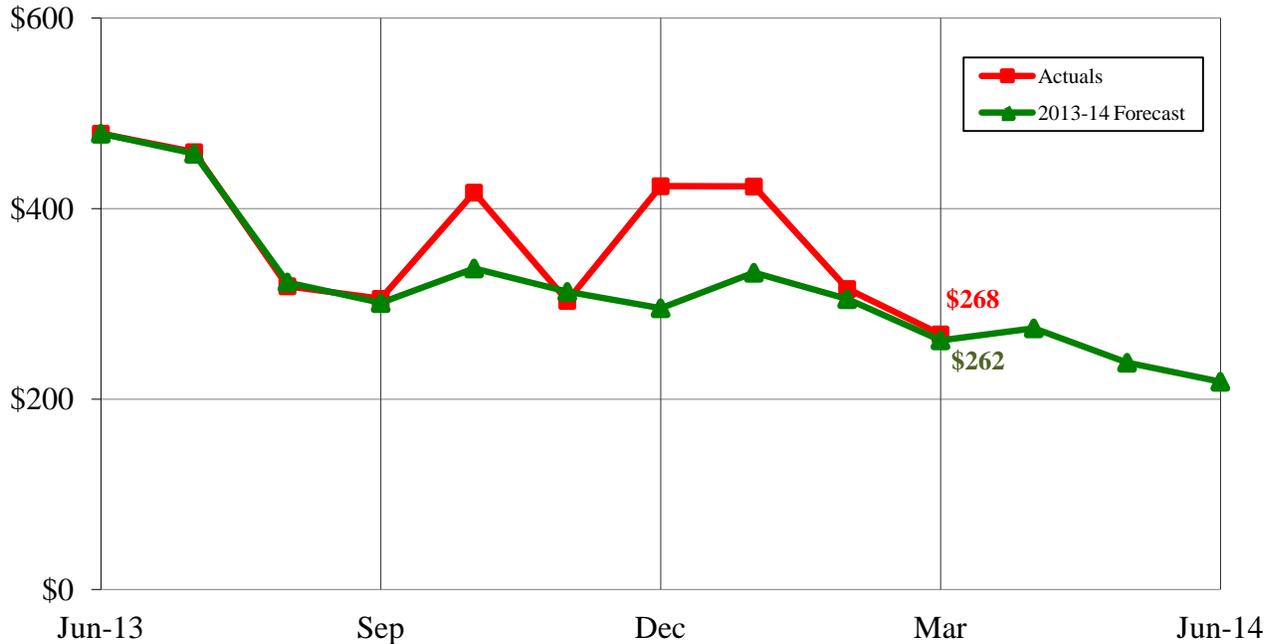
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$150	\$150	N/A	
Revenues	3,249	3,353	104	
Transfers	-470	-389	80	
Expenditures	-2,792	-2,683	108	
Adjustments	200	462	262	
Ending Cash Balance	\$338	\$892	\$554	164%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – CASH FORECASTS – 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 third quarter was \$268 million, \$6 million (2 percent) above the forecasted amount of \$262 million. Revenues totaled \$301 million, \$6 million below forecast. Transfers totaled a net \$1 million which was a result of loans to the High-Speed Passenger Train Bond Fund and offsetting transfers into the account. Expenditures totaled \$309 million, \$4 million below forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a negative \$204 million.

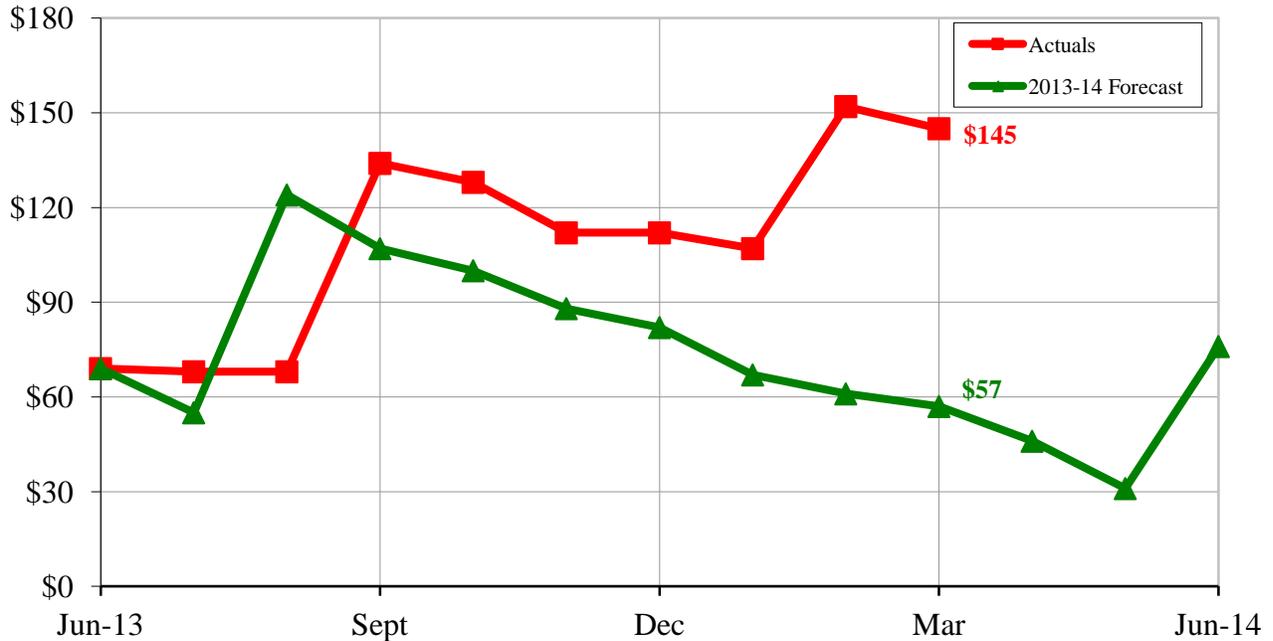
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$479	\$479	N/A	
Revenues	307	301	-6	
Transfers	22	1	-21	
Expenditures	-313	-309	4	
Adjustments	-232	-204	28	
Ending Cash Balance	\$262	\$268	\$6	2%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – CASH FORECASTS – 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 through the third quarter was \$145 million, \$88 million (153 percent) above the forecasted amount of \$57 million. Expenditures totaled \$56 million, \$38 million (40 percent) lower than forecast. The variances are due to a partial loan repayment in the amount of \$50 million from the SHA that was received earlier than forecasted and lower than anticipated expenditures. There were no revenues for the quarter. Year-to-date transfers totaled a positive \$131 million, which included the \$50 million partial loan repayment from the SHA mentioned above. There were no adjustments for the quarter.

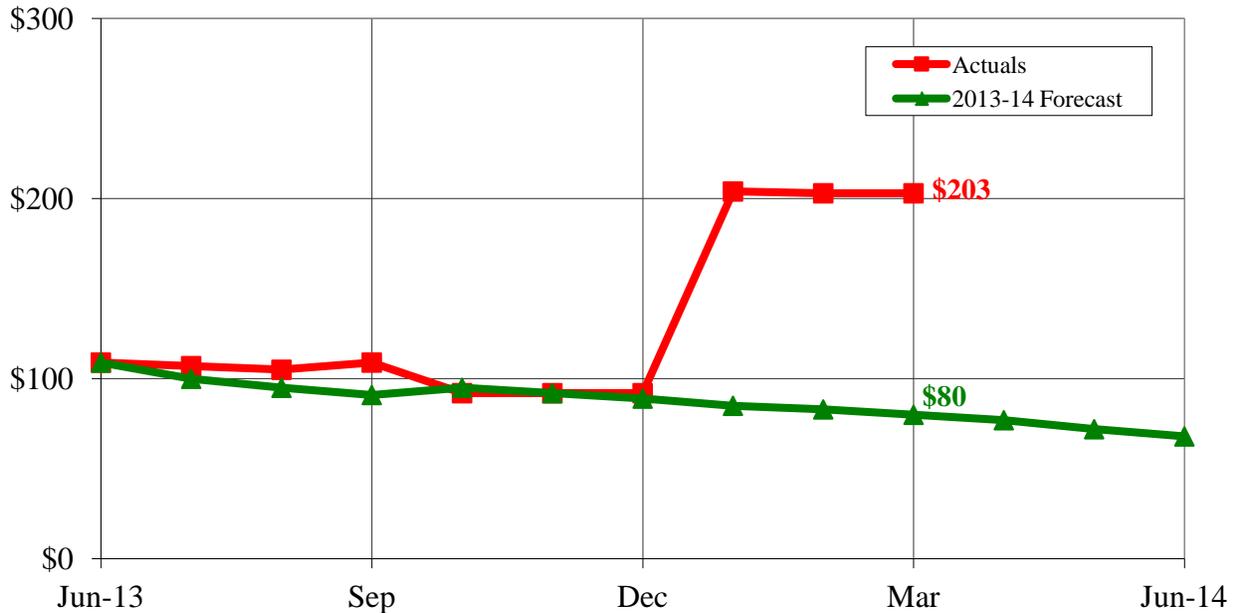
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$69	\$69	N/A	
Revenues	0	0	0	
Transfers	81	131	50	
Expenditures	-93	-56	38	
Adjustments	0	0	0	
Ending Cash Balance	\$57	\$145	\$88	153%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – CASH FORECASTS – TRANSPORTATION INVESTMENT FUND

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



Year-to-Date TIF Summary

The TIF ending cash balance through the third quarter was \$203 million, \$123 million (153 percent) above the forecasted amount of \$80 million. The variance is attributable to a project that became federally eligible resulting in a credit to the TIF in the amount of \$102 million. Expenditures totaled \$20 million, approximately \$9 million lower than forecast. TIF expenditures are steadily decreasing and that trend is expected to continue. The Department anticipates requesting to move any remaining TIF resources and obligations to the SHA during 2014-15. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$12 million.

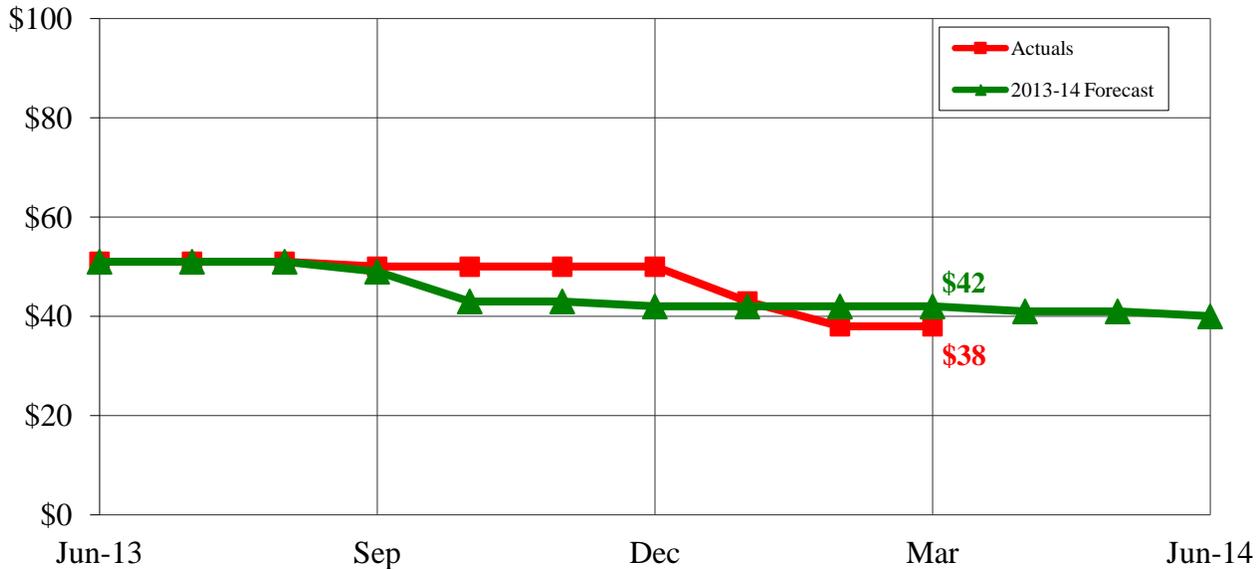
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$109	\$109	N/A	
Revenues	0	0	0	
Transfers	0	102	102	
Expenditures	-28	-20	9	
Adjustments	0	12	12	
Ending Cash Balance	\$80	\$203	\$122	152%

Note: Ending cash balance may differ due to rounding.

APPENDIX C – CASH FORECASTS – 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 through the third quarter was \$38 million, \$4 million (9 percent) below the forecasted amount of \$42 million. Revenues totaled \$90 million. Year-to-date transfers totaled negative \$83 million, which is due to the \$83 million suspended Proposition 42 transfer to the TCRF. Expenditures totaled \$5 million, \$4 million (44 percent) lower than forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a negative \$15 million.

Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$51	\$51	N/A	
Revenues	83	90	7	
Transfers	-83	-83	0	
Expenditures	-9	-5	4	
Adjustments	0	-15	-15	
Ending Cash Balance	\$42	\$38	-\$4	-9%

Note: Ending cash balance may differ due to rounding.

APPENDIX D – FEDERAL EMERGENCY PROJECTS

For the quarter ending March 31, 2014, the Federal Highway Administration (FHWA) acknowledged no new disasters. On January 14, 2014, the Department received an Emergency Relief allocation in the amount of \$86 million, for existing projects. 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	209	103	312
Dec. 2005 Storm CA06-1	398	49	447
Jan. 2010 Storm CA10-1	89	13	102
Dec. 2010 Storm CA11-1	61	18	79
Mar. 2011 Storm CA11-3	239	27	266
So. California Windstorm CA12-2	1	4	5
Mar. 2012 Storm CA12-3	31	0	31
San Mateo Co. Storm CA13-1	1	3	4
LA Co. Wildfires CA13-2	0	3	3
Riverside Co. Wildfires CA13-3	2	0	2
July '13 LA Tanker Fire CA13-4	20	0	20
Aug. '13 Rim Fire CA13-5	2	0	2
July '13 Inyo Co. Flood CA13-6	0	3	3
Total Damage Estimate	\$1,684	\$223	\$1,907
Amount Obligated To Date			\$1,527
Allocation Available for Future Project Costs			\$39
Remaining Need			\$341

Note: Totals may not add due to rounding.

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 E – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of March 31, 2014			
(\$ 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) ²	\$220	\$220	\$0
Transportation Investment Fund (TIF) ²	440	440	0
Transportation Congestion Relief Fund (TCRF) ³	1,066	898	167
Locals	440	440	0
Subtotal Proposition 42 Loans:	\$2,166	\$1,998	\$167
General Fund:			
State Highway Account (SHA) ⁴	\$335	\$100	\$235
State Highway Account - Weight Fee Revenues ⁵	227	0	227
State Highway Account - Weight Fee Revenues ^{5a}	590	0	590
Highway User Tax Account (HUTA) ⁶	328	0	328
Public Transportation Account ⁷	29	0	29
Other transportation accounts	31	2	29
Subtotal General Fund Loans:	\$1,540	\$102	\$1,438
High-Speed Passenger Train:			
Public Transportation Account (PTA) ⁸	\$20	\$0	\$20
Subtotal High-Speed Passenger Train Loans:	\$20	\$0	\$20
Totals:	\$4,956	\$2,451	\$2,504

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.

²Includes interest payments \$8 million for PTA, \$16 million for TIF and Locals.

³The remaining amount due to TCRF under Proposition 42 suspension will be repaid in equal annual installments ending in 2015-16.

⁴The SHA is expected to be repaid \$100 million in 2014-15, \$85 million in 2014-15, \$50 million in 2015-16.

⁵The \$80 and \$147 million was authorized by Budget Act of 2010 and subsequently characterized as weight fees via AB 115.

^{5a}Post AB115 weight fee transfers-Budget Act of 2011-\$43.7 million loan, \$139 million-excess weight fee loan to GF (11-12), \$24.7 million excess weight fee loan to GF from SHA (11-12), VC9400.4(b)(2) - \$42 million, \$30.3 million-excess weight fee loan to GF (11-12), \$310 million-excess weight fee loan to GF (12-13).

⁶The HUTA is expected to be repaid \$328 million in 2014-15.

⁷The PTA is expected to be repaid \$29 million in 2020-21.

⁸Appropriation of up to \$26 million authorized for 2013-14 and up to \$29 million for 2014-15. Repayment to occur when PTA is determined to be in need of the funds or when the High-Speed Passenger Train Bond Fund no longer needs the funds.

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 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. AB 115 (2010) declared that the SHA repayments are revenues derived from weight fees. As such, the June 30, 2021 scheduled repayment of the loans to the SHA will be subsequently transferred to the Transportation Debt Service Fund (TDSF).

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 \$1.4 billion, leaving approximately \$752 million due to TCRF. Outstanding Proposition 42 loans, as of July 1, 2007, shall be repaid in annual installments with not less than one-tenth of the total amount of the remaining loan and is required to be repaid in full by June 30, 2016. During the first quarter of 2013-14, a net transfer of \$81 million was made to the TCRF and a final \$2 million transfer was made to the PTA. As of March 2014, the TCRF is owed \$167 million.

General Fund Loans

The Budget Act of 2008 authorized \$231 million in loans to the GF from the SHA, the Bicycle Transportation Account (BTA), the Local Airport Loan Account, the Motor Vehicle Fuel Account (MVFA), the Environmental Enhancement and Mitigation Program Fund (EEM), the Historic Property Maintenance Fund (HPMF), and the Pedestrian Safety Account (PSA). 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 in December 2013. The remaining \$100 million is scheduled to be repaid in 2014-15. A total of \$2 million has been repaid to the HPMF and repayment of the final \$1 million is due to the HPMF no later than June 30, 2014. Due to the enactment of Senate Bill (SB) 99, the BTA has been eliminated and is now an element of the ATP within the SHA. SB 99 also changed the administering agency for the EEM from the Department to the Secretary of the Natural Resources Agency. As a result, loan repayments owed to the EEM will no longer be monitored by the Department.

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.

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 loans of \$328 million were authorized by the Budget Act of 2010 and had an original repayment date of June 30, 2021. However, the 2014-15 proposed Budget

includes early repayment of the \$328 million from the GF. If approved, repayment is expected to occur by June 30, 2015.

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. Furthermore, 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 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, these loans were “grandfathered” into statute and characterized as being derived from weight fees; consequently, the 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 \$44 million to the GF, which was authorized in the 2011 Budget Act. At the end of 2011-12 and 2012-13, excess weight fees available in the SHA were transferred as loans to the GF in the amount of \$139 million, \$25 million, and \$310 million. 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 in July 2012. The \$42 million shall be repaid no later June 30, 2021. In May 2013, \$30 million was transferred to the GF from remaining weight fees in 2011-12. In total, there are \$817 million in outstanding loans to the GF derived from weight fee revenues. As such, the June 30, 2021 scheduled repayment of the loans to the SHA will be subsequently transferred to the TDSF.

APPENDIX D – INTERFUND TRANSPORTATION LOANS

Interfund Transportation Loans (\$ in millions)						
Fiscal Year Borrowed	From Account	To Account	Description	Amount	Repaid ¹	Remaining Balance
2008-09	TCRF	SHA	Backfill SHA transfer to the GF	\$200	\$100	\$100
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	0	135
Totals				\$335	\$100	\$235

¹Two short-term loan repayments (\$50M each) from the SHA to the TCRF occurred on 7/25/2012 and 2/4/2014.

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 applied to the TCRF in July 2012 and a second partial repayment was made in February 2014, leaving a balance of \$100 million. The remaining balance is expected to be repaid in 2014-15 and 2015-16 (\$50 million each).

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. Repayments are expected to be repaid in 2014-15 (\$85 million) and in 2015-16 (\$50 million).