State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

TAB 20

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 10-11, 2011

Reference No.: 4.15
Information Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **PROPOSITION 1B BOND ALLOCATIONS**

SUMMARY:

This is an informational item that will complement the verbal presentation that will be made at the August 10, 2011, California Transportation Commission (Commission) meeting.

ISSUE:

To date, the Commission has authorized approximately $5.7 billion in Proposition 1B Transportation projects for which approximately $4.2 billion worth of bonds have been sold. Thus, the additional bond sale liability for the authorized projects is approximately $1.5 billion. As of the end of May 2011, these projects have expended approximately $2.2 billion of the bonds sold.

The Department of Transportation (Department) is recommending additional allocations, listed below, for Proposition 1B projects based on using the existing bond cash. The reasons for selecting these projects are included in parentheses at the end of each bullet.

- Allocate all Corridor Mobility Improvement Account (CMIA) projects delivered to date, including all associated bond funds for those projects – $750 million (statutory deadline to award of December 31, 2012);
- Allocate the Kato Road Highway Railroad Crossing Safety Account (HRCSA) project – $10 million (Letters of No Prejudice are not allowed for this program);
- Allocate the Colton Crossing Trade Corridors Improvement Fund (TCIF) project – $91 million (this project has a Federal Transportation Investment Generating Economic Recovery (TIGER) grant and must be under construction by January 1, 2012);
- Allocate the Metrolink project State Local Partnership Program (SLPP) funds, which are associated with the Proposition 1A Positive Train Control (PTC) project - $10 million (PTC funded projects are a federally mandated priority);
- Allocate the Kingsburg State Route 99 (SR99) project for RW – $1 million (allows project to meet delivery schedule).

The total amount for these projects is $862 million. In addition, the Department is allocating an additional $211 million of existing bond cash for Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) projects. Since this additional $1.1 billion ($862 million plus $211 million) is based on previous bond sales, it would bring future bond sale liability for all allocated Commission administered projects up to $2.6 billion.

One constraint to consider is the possible intent to fund all eligible transportation related debt service with weight fees as authorized by Assembly Bill 105. Weight fees generate about $900 million annually and in Fiscal Year 2011-12 approximately $700 million of bond debt service is eligible to be paid with weight fees. Any additional bond sale(s) will increase the annual debt service need. Capping debt service levels to weight fee revenues will quickly constrain future bond sales and prohibit future project allocations. The Department will continue to work to determine what, if anything else, can be allocated based on projections of future bond sale.

BACKGROUND:

Since early 2009, the availability of bond funds has been sporadic and unpredictable. The State's budget situation has made it difficult to fund bond debt service in this time of limited revenues. In addition, there is competition for bond funds from other bond-funded infrastructure programs.

The Department's first priority is to ensure that the projects under construction do not run short of funds. Keeping in mind that future bond sales will likely be constrained by the amount of debt service that can be supported, the Department will continue to work to determine any future allocations that can be made.