

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: December 9-10, 2015

Reference No.: 3.6
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Division of
Budgets

Subject: **FISCAL YEAR 2015-16 - FIRST QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2015-16 First Quarter Finance Report.

Attachment



Department of Transportation Quarterly Finance Report

First Quarter 2015-16

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 2015-16 and 2016-17 Quarterly Finance Reports.

Quarterly Finance Report			
Schedule of Reports			
Fiscal Year	Quarterly Report	Activity	Date
2015-16	2014-15 Q4	Close of Quarter	6/30/15
		Quarterly Report to Commission Staff	8/30/15
		Presented to Commission	10/21/15
	2015-16 Q1	Close of Quarter	9/30/15
		Quarterly Report to Commission Staff	11/15/15
		Presented to Commission	12/10/15
	2015-16 Q2	Close of Quarter	12/31/15
		Quarterly Report to Commission Staff	2/15/16
		Presented to Commission	3/17/16
	2015-16 Q3	Close of Quarter	3/31/16
		Quarterly Report to Commission Staff	5/15/16
		Presented to Commission	5/19/16
2016-17	2015-16 Q4	Close of Quarter	6/30/16
		Quarterly Report to Commission Staff	8/30/16
		Presented to Commission	10/20/16

Department of Transportation Quarterly Finance Report

First Quarter 2015-16

EXECUTIVE SUMMARY

2015-16 Capital Allocations vs. Capacity Summary through September 30, 2015 (\$ in millions)								
	SHOPP ¹	STIP ¹	TCRP	AERO	ATP	TIRCP	BONDS	TOTAL
Total Allocation Capacity	\$1,849	\$449	\$82	\$2	\$147	\$265	\$283	\$3,077
Total Votes	361	143	11	1	19	52	5	592
Authorized Changes ²	5	-4	0	0	0	0	0	0
Total Remaining Capacity	\$1,484	\$310	\$71	\$1	\$128	\$213	\$278	\$2,486

Note: Totals may not add due to rounding

¹Proposition 1B Bond included in totals: \$149 million total capacity (\$77 million SHOPP; \$72 million STIP).

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

The California Transportation Commission (Commission) has allocated \$592 million toward 79 projects through the first quarter of fiscal year 2015-16. Adjustments totaled approximately \$400,000, leaving \$2.5 billion (80 percent) in remaining allocation capacity.

The State Highway Account (SHA) ended the first quarter with a higher than projected cash balance due, in part, to lower than forecasted expenditures. In addition, current economic factors have contributed to higher than anticipated consumption, resulting in increased revenues. The Public Transportation Account (PTA), the Traffic Congestion Relief Fund (TCRF), the Transportation Investment Fund (TIF), and the Transportation Deferred Investment Fund (TDIF) each ended the first quarter within acceptable range of forecast.

During the first quarter, the State Treasurer's Office (STO) conducted a general obligation bond sale which yielded \$215 million in proceeds for the California Department of Transportation's (Department) use on bond projects. Additional information regarding bonds can be located in the Proposition 1A and 1B Bonds section of this report.

Effective July 1, 2015, the price-based excise tax rate for gasoline was reduced to 12 cents per gallon and the diesel fuel excise tax rate was increased to 13 cents per gallon for 2015-16. The 6 cent reduction in the gasoline tax rate is anticipated to result in a loss of revenue exceeding \$800 million in 2015-16.

On October 29, 2015, President Obama signed a bill to extend federal transportation funding for three weeks. The bill provides transportation resources through November 20, 2015 while Congress continues to examine long-term funding options for the Federal Highway Trust Fund (FHTF). On November 6, 2015, the House passed a six-year surface transportation bill that would provide funding for highways, transit, and rail programs for three years. The Senate passed their own six-year surface transportation bill in July, which also provides for three years of funding. A conference committee has been called to

work out differences between the two bills. The Department will continue to monitor the progress of the FHTRF resources and negotiations for a bipartisan surface transportation act.

State Budget Outlook

The 2015-16 Budget was signed by Governor Brown on June 24, 2015, and authorized \$10.5 billion for the Department. An extraordinary legislative session was convened to address transportation infrastructure funding shortfalls. This special session resulted in numerous proposals by the legislature and the administration, which are still in discussion. Progress will be reported in the next quarterly submission.

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	\$300	\$121	\$0	\$121	\$179
FTF	1,472	240	5	245	1,227
Proposition 1B	77	0	0	0	77
Total	\$1,849	\$361	\$5	\$366	\$1,484

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission allocated \$361 million toward nine SHOPP projects through the first quarter. Adjustments totaled \$5 million, leaving \$1.5 billion (approximately 80 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

SHA. Effective July 1, 2015, the price-based excise tax was reduced from 18 cents to 12 cents per gallon. As a result, the Department anticipates a decrease of more than \$100 million in revenue for the SHOPP in 2015-16. Also, effective July 1, 2015, the diesel fuel excise tax rate was increased from 11 cents per gallon to 13 cents per gallon. As a result, the Department anticipates an increase of approximately \$56 million in revenue to the SHA in 2015-16. The modified revenues were taken into account in the 2016 STIP FE and has also been incorporated into the 2015-16 SHA Cash Forecast.

Federal Trust Fund (FTF). Net allocations totaling \$245 million were committed toward federally eligible SHOPP projects through the first quarter. The Department committed all of its 2014-15 Obligation Authority and also received approximately \$167 million in August Redistribution. On October 29, 2015, the President signed a three-week extension for FHTF resources, while Congress continues negotiations for sustainable transportation funding solutions and long-term surface transportation legislation.

Proposition 1B. No SHOPP Proposition 1B projects were allocated during the first quarter.

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	\$100	\$73	-\$1	\$72	\$28
FTF	168	63	-4	59	109
PTA	69	7	0	7	62
TDIF	40	0	0	0	40
Prop 1B STIP*	72	0	0	0	72
Total	\$449	\$143	-\$4	\$139	\$310

Note: Totals may not add due to rounding.

*Contingent upon Corridor Mitigation Improvement Act (CMIA) project closeout savings

Capital Allocations vs. Capacity

The Commission allocated \$139 million toward 36 STIP projects through the first quarter. Adjustments totaled negative \$4 million, leaving \$310 million (approximately 69 percent) in remaining allocation capacity. Due to the dramatic decrease in price-based excise tax revenue in 2015-16, the Department was able to locate additional sources of funding for the STIP, including available capacity in the TDIF, and rollover capacity in Proposition 1B.

Outlook for Funding & Allocations

SHA. Effective July 1, 2015, the price-based excise tax was reduced from 18 cents to 12 cents per gallon. As a result, the Department anticipates a decrease of more than \$380 million in revenue for the STIP in 2015-16. The modified revenue was taken into account in the 2016 STIP FE and has been incorporated into the 2015-16 SHA Cash Forecast.

FTF. Net allocations totaling \$59 million were committed toward federally eligible STIP projects through the first quarter. The Department committed all of its 2014-15 Obligation Authority and also received approximately \$167 million in August Redistribution. As previously mentioned, the President signed a three-week extension for FHTF resources, while negotiations continue for sustainable transportation funding solutions and long-term surface transportation legislation.

PTA. Net allocations totaling \$7 million were committed toward STIP PTA projects during the first quarter.

TDIF. No TDIF projects were allocated during the first quarter. The TDIF capacity is based on available cash in the fund and is intended to provide financial relief to the STIP SHA due to the dramatic decrease in price-based excise tax revenue in 2015-16.

Proposition 1B. No STIP Proposition 1B projects were allocated during the first quarter.

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	\$82	\$11	\$0	\$11	\$71
Total	\$82	\$11	\$0	\$11	\$71

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission allocated \$11 million toward two TCRP projects through the first quarter, leaving \$71 million (approximately 86 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

A final loan repayment in the amount of \$83.4 million for suspended Proposition 42 loans was received during the first quarter. The loan repayment was approximately \$600,000 less than originally anticipated. The Department is working with the SCO to reconcile the difference. Refer to Appendix D for additional details.

The TCRF is also owed \$482 million in Pre-Proposition 42 (Tribal Gaming) loan repayments, which are scheduled to begin in 2016-17. The lower than anticipated annual repayment amounts and extended loan repayment schedule may negatively impact the ability to meet obligations in future years. The TCRF will continue to be monitored to ensure fund solvency.

Recommendations

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

AERONAUTICS PROGRAM (AERO)

Aeronautics Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
AERO	\$2	\$1	\$0	\$1	\$1
Total	\$2	\$1	\$0	\$1	\$1

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission allocated approximately \$1.2 million toward one AERO project through the first, leaving \$1.4 (approximately 53 percent) in remaining AERO allocation capacity.

Outlook for Funding & Allocations

Each year the Commission approves a “set-aside” to match federal Airport Improvement Program (AIP) grants. This allocation provides the authority for the Department to subvent matching funds to individual projects as requested by airport sponsors. Through the first quarter, the Commission approved a total of \$1.2 million, of which roughly \$1 million was allocated to match federal AIP grants. The remaining \$162,000 was allocated toward one Aeronautics Acquisition and Development Program project.

Recommendations

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

ACTIVE TRANSPORTATION PROGRAM (ATP)

Active Transportation Program (\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$45	\$9	\$0	\$9	\$36
FTF	102	10	0	10	92
Total	\$147	\$19	\$0	\$19	\$128

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission allocated \$19 million toward 15 projects through the first quarter, leaving \$128 million (approximately 87 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

The Cycle 1, Statewide and Small Urban and Rural ATP project list was adopted by the Commission during the August 2015 meeting. The list consisted of 126 statewide projects, totaling \$184 million, and 22 Small Urban and Rural projects, totaling \$37 million.

The Commission will be presented with the large Metropolitan Planning Organization's Cycle 1 ATP project list at the December 2015 meeting.

Recommendations

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

TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM (TIRCP)

Transit and Intercity Rail Capital Program					
(\$ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
GHG – (Cap and Trade)	\$265	\$52	\$0	\$52	\$213
Total	\$265	\$52	\$0	\$52	\$213

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

The Commission allocated \$52 million toward TIRCP projects through the first quarter, leaving \$213 million (approximately 80 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

The 2015-16 Budget authorized resources for the Department’s role in the newly implemented Transit and Intercity Rail Capital Program, which utilizes a percentage of the annual proceeds deposited into the Greenhouse Gas Reduction Fund (GHG).

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	\$142	\$5	\$137
CMIA*	0	0	0
TCIF	54	0	54
Intercity Rail	52	0	52
Local Bridge Seismic	15	0	15
Grade Separations	0	0	0
Traffic Light Synch.	7	0	7
Route 99	14	0	14
Total	\$283	\$5	\$278

Note: Totals may not add due to rounding.

*Contingent upon project close-out and administrative savings.

Capital Allocations vs. Capacity

The Commission allocated \$5 million toward 16 Bond projects through the first quarter, leaving \$278 million (approximately 97 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

Bond Funding. In July 2015, the Department received \$150 million from Commercial Paper (CP) issued by the STO. To date, the Department has been issued approximately \$1.5 billion in CP, of which \$1.4 billion has been refunded. Remaining CP authority for Proposition 1B is \$910 million.

In September 2015, the STO conducted a general obligation bond sale which yielded \$215 million for the Department's use on Proposition 1B projects and \$4 million for the administration of these projects. To date, the Department and the Commission have received \$9.6 billion for use on Proposition 1B projects and administration. The Department has received \$3.4 billion for Public Transportation Modernization Improvement Service Enhancement Act Local Transit projects and administration, and \$582 million for Proposition 1A connectivity projects.

On occasion, the STO sells general obligation bonds solely to refund certain outstanding bonds for economic savings. In September 2015, the STO refunded three series administered by the Department under the Proposition 192 – Seismic Retrofit Bond Act of 1996, and five series administered by the Commission under the Proposition 116 – Clean Air and Transportation Improvement Bond Act of 1990.

Taking into account Commission allocations through August 2015, \$273 million of Proposition 1B authority is available for allocation in 2015-16, plus an additional estimated authority of \$164 million in future years. These amounts largely consist of authority that was appropriated for the use of potential program savings consistent with the Proposition 1B savings policy adopted by the Commission in January 2014. Original allocations are nearly complete for all programs except for the Local Bridge Seismic Retrofit Account program, which will continue to make original allocations for several more years. A remaining amount of \$137 million is available for allocation on Proposition 1A connectivity projects.

Recommendations

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

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 Transportation Loans

- Status of Outstanding Transportation Loans, as of September 30, 2015**
- Interfund Transportation Loans**

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2015-16 Allocation Capacity By Fund and Program (\$ in millions)								
Fund	SHOPP	STIP	TCRP	AERO	ATP	TIRCP	BONDS	Total
SHA	\$300	\$100	\$0	\$0	\$45	\$0	\$0	\$445
FTF	1,472	168	0	0	102	0	0	1,742
PTA	0	69	0	0	0	0	0	69
TCRF	0	0	82	0	0	0	0	82
AERO	0	0	0	2	0	0	0	2
TDIF	0	40	0	0	0	0	0	40
GHG (Cap and Trade)	0	0	0	0	0	265	0	265
Prop 1A Bonds *	0	0	0	0	0	0	142	142
Prop 1B Bonds *	77	72	0	0	0	0	141	290
Total Capacity	\$1,849	\$449	\$82	\$2	\$147	\$265	\$283	\$3,077

Note: Totals may not add due to rounding

* Subject to Bond Sales

The 2015-16 allocation capacity of approximately \$3.1 billion is based on the following:

- The SHOPP allocation capacity is based on the 2015-16 Budget Act revenue and expenditure estimates and the 2016 STIP FE federal receipts. The total allocation capacity includes carryover capacity and project allocations that were voted during the August 2015 Commission meeting.
- The STIP PTA allocation capacity of \$69 million is based on the 2016 STIP FE, a prudent cash balance of \$100 million, and includes 2014-15 carryover allocation capacity.
- The TDIF capacity is based on available cash in the fund and is intended to provide financial relief to the STIP SHA due to the dramatic decrease in price-based excise tax revenue in 2015-16.
- The TCRP allocation is based on the anticipated final suspended Proposition 42 loan repayment of approximately \$84 million, less the reduction for 2014-15 over-allocation of approximately \$2 million.
- The AERO capacity is based on the 2016 AERO FE.
- The ATP allocation capacity is based on the 2015 ATP FE and includes 2014-15 carry-over capacity. The 2015-16 ATP also incorporates the following assumptions:
 - Federal Highway Safety Improvement Program funds are not incorporated into the ATP.
 - State and federal resources are forecasted to remain stable throughout the FE period.
- The TIRCP capacity is based on the 2015-16 Budget's projected Cap and Trade revenues in the GHG.
- Bond capacity is based on the remaining bond authority, budget authority, and any administrative costs.
 - Proposition 1A and 1B capacities are based on the 2015-16 Enacted Budget and includes 2014-15 remaining authority of approximately \$211 million. The bond capacities are also dependent on the sale of sufficient bonds for funding.
 - Transportation Financing Subaccount (TFA) and CMIA allocation capacities are contingent upon project close-out and administrative savings.

APPENDIX B – AUTHORIZED CHANGES

2015-16 Authorized Changes Summary through September 30, 2015 (\$ in thousands)				
Program	# of Adjustments			Net Change ³
	Increases	Decreases	Total ³	
SHOPP ¹	36	71	107	\$4,661
STIP ²	1	3	4	-4,264
TOTAL	37	74	111	\$397

Note: Totals may not add due to rounding

¹Includes SHOPP and Proposition 1B Bond G-12 (SHOPP Augmentation) adjustments

²Includes STIP and Proposition 1B Bond G-12 (TFA) adjustments

³Includes net zero adjustments

Summary of Authorized Changes

The Department has processed a total of 111 allocation adjustments through the first quarter, resulting in a \$397,000 increase.

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 2015-16 cash forecasts are based on the following assumptions:

- State Operations projections are based on historical trends and assumes a 2.2 percent increase each year, based on the DOF's 2015-16 Price Letter.
- 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 are based on the 2016 STIP FE.

SHA

- Weight fee and excise tax revenue projections provided by the DOF.
- All other revenues are based on historical trends.
- Continued monthly transfers of weight fee revenues to the Transportation Debt Service Fund (TDSF).
- Receipt of approximately \$169 million in remaining assets and \$23 million in remaining liabilities from the TIF due to closure of the fund.
- Receipt of approximately \$2 million in remaining assets from the Pedestrian Safety Account due to closure of the fund.
- Delays in processing expenditures in July and August due to 2014-15 year-end closing.
- Prudent cash balance of \$415 million.

PTA

- Revenue projections provided by the DOF.
- Repayment of an approximately \$14 million Public Employees' Pension Reform Act of 2013 (PEPRA) loan in 2015-16.
- Prudent cash balance of \$100 million.

TCRF

- A final transfer amount of approximately \$84 million from the TDIF in 2015-16.

TIF

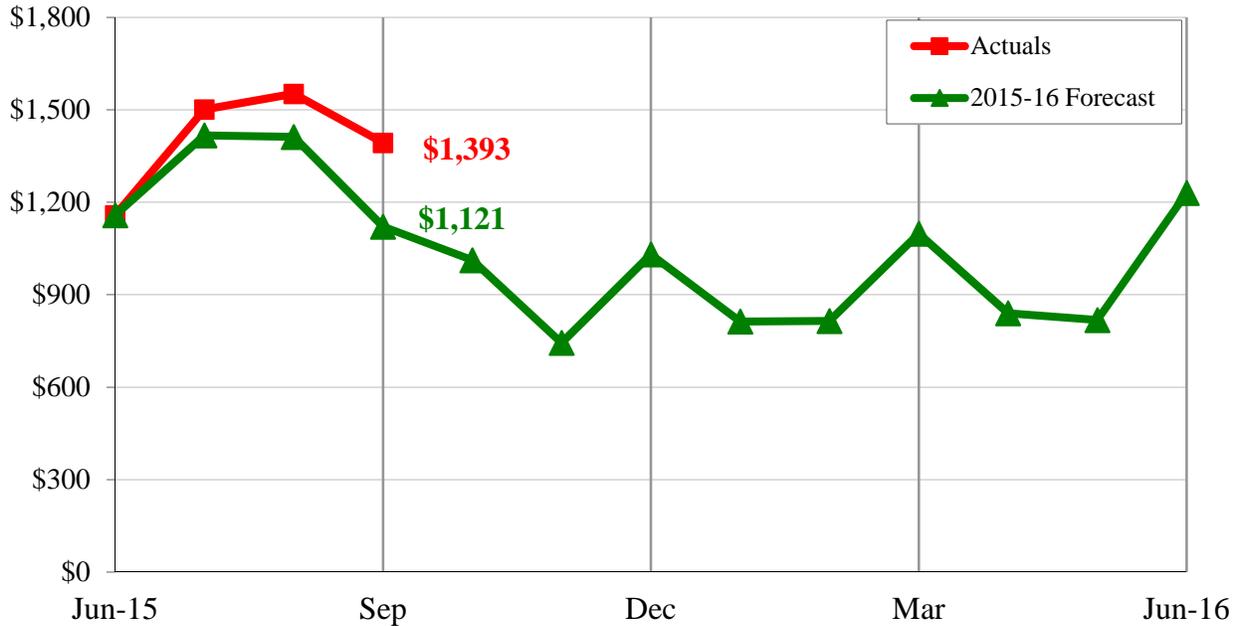
- No revenues will be received and no obligations will be made by the TIF.
- As authorized by the 2015-16 Budget, the TIF will be closing in 2015-16 and all remaining assets and liabilities will be transferred to the SHA.

TDIF

- Receipt of a final suspended Proposition 42 loan repayment in the amount of approximately \$84 million in 2015-16.
- A transfer of approximately \$84 million to the TCRF, immediately following the receipt of the suspended Proposition 42 loan repayment.

APPENDIX C – CASH FORECASTS – STATE HIGHWAY ACCOUNT

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



Year-to-Date SHA Summary

The SHA ending cash balance through the first quarter was approximately \$1.4 billion, \$272 million (24 percent) above the forecasted amount of \$1.1 billion. The variance is primarily due to lower than forecasted expenditures and higher than forecasted revenues. Revenues are higher than originally anticipated due to current economic factors, which have contributed to increased fuel consumption. Revenues totaled \$1.2 billion, \$137 million (13 percent) above forecast. Transfers out of the SHA totaled \$266 million, \$13 million (5 percent) above forecast. Expenditures totaled \$811 million, \$42 million (5 percent) below forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$107 million. During the first quarter, the SHA received approximately \$147 million in advanced reimbursements. This amount includes a \$100 million advanced reimbursement for a public-private partnership project, which is anticipated to be expended in the second quarter.

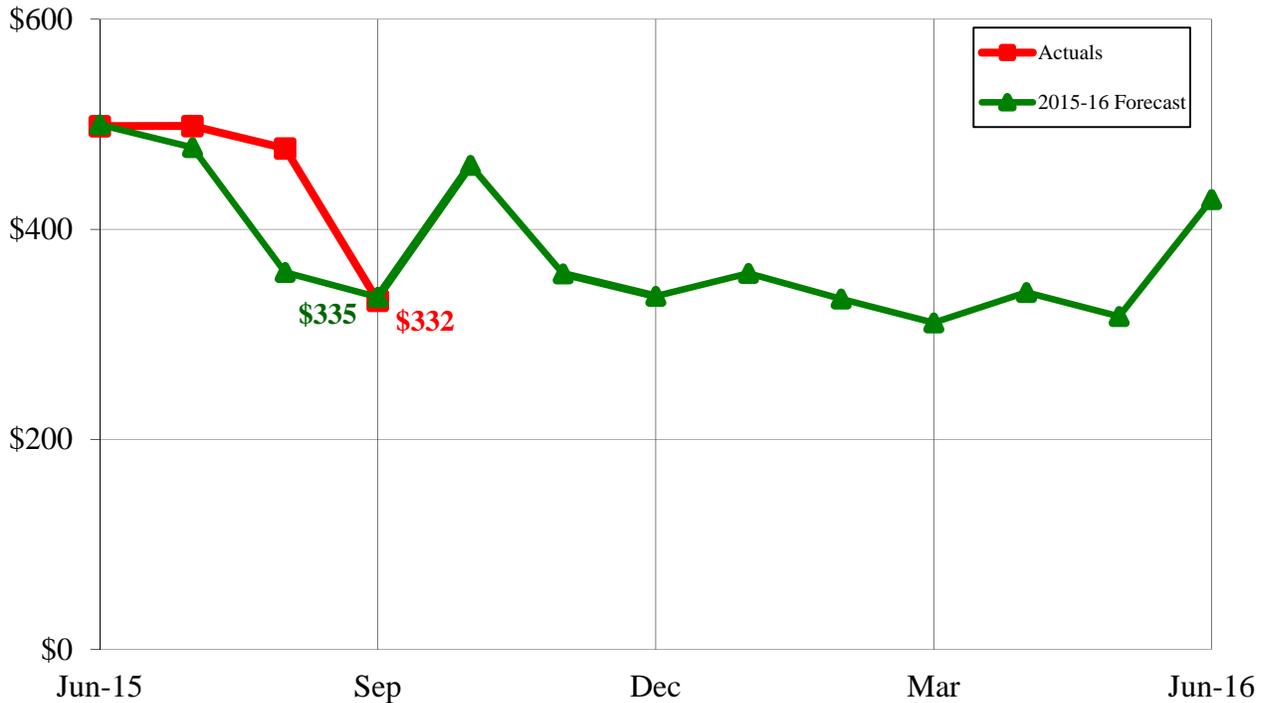
Year-to-Date Reconciliation

	(\$ in millions)			
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$1,158	\$1,158	N/A	
Revenues	1,069	1,205	137	
Transfers	-253	-266	-13	
Expenditures	-852	-811	42	
Adjustments	0	107	107	
Ending Cash Balance	\$1,121	\$1,393	\$272	24%

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 first quarter was \$332 million, which was within acceptable range of forecast. Revenues totaled \$280,000. Transfers totaled \$30,000, \$7 million (100 percent) below forecast, due to a delay in the transfer of funds to the High-Speed Rail Authority, which is now anticipated be transferred in the second quarter. Expenditures totaled \$100 million, \$9 million (10 percent) above forecast. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a negative \$67 million.

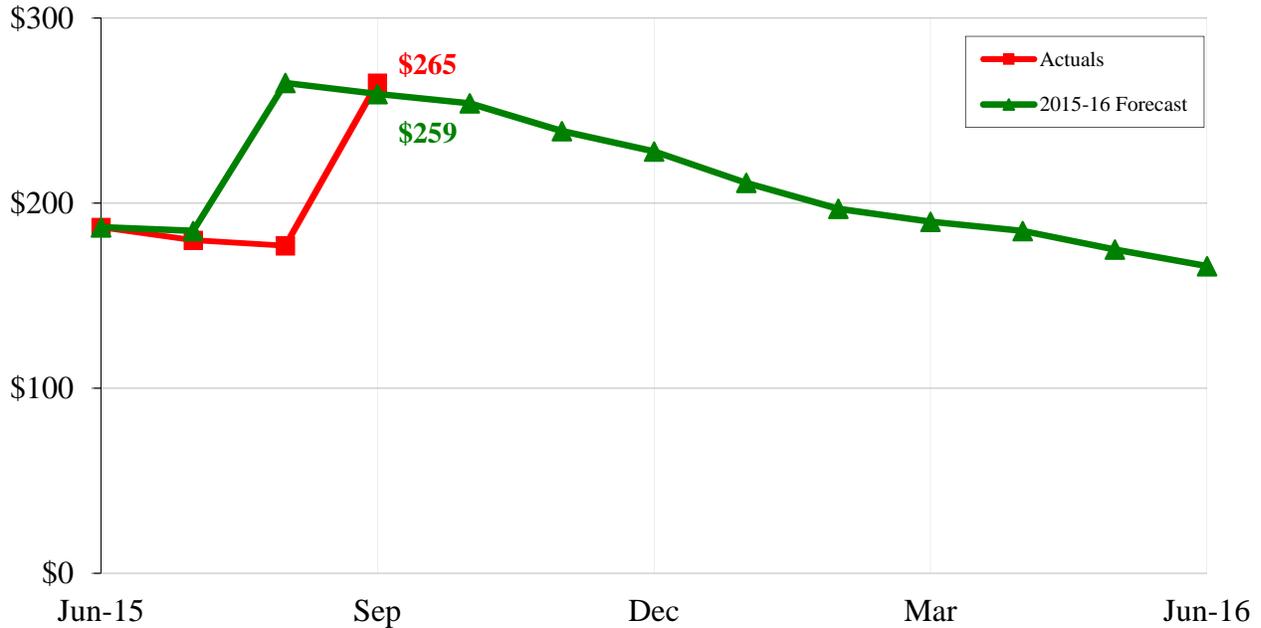
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$498	\$498	N/A	
Revenues	0	0	0	
Transfers	-7	0	7	
Expenditures	-91	-100	-9	
Adjustments	-66	-67	-1	
Ending Cash Balance	\$335	\$332	-\$3	-1%

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 first quarter was \$265 million, which was within acceptable range of the forecast. Transfers totaled \$83.4 million, which consisted of the final suspended Proposition 42 loan repayment from the TDIF. Expenditures equaled the forecasted \$11 million. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled \$6 million.

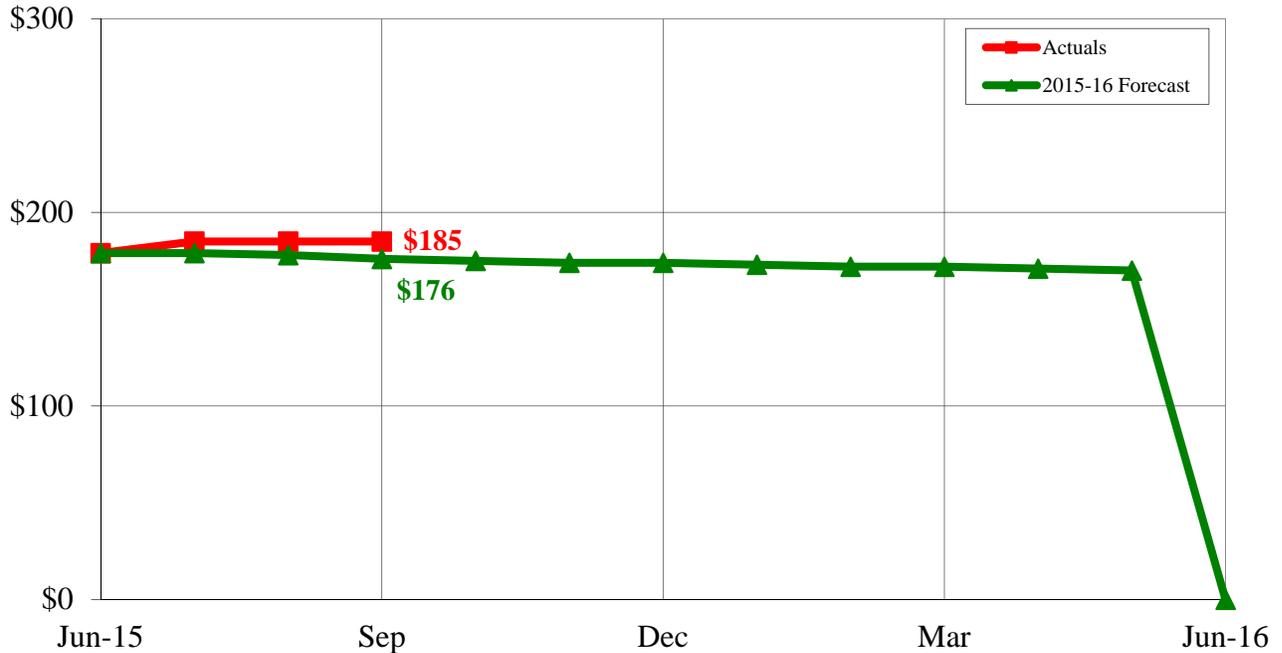
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$187	\$187	N/A	
Revenues	0	0	0	
Transfers	84	83	-1	
Expenditures	-11	-11	0	
Adjustments	0	6	6	
Ending Cash Balance	\$259	\$265	\$6	2%

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 first quarter was \$185 million, which was within acceptable range of the forecast. No revenues, transfers, or expenditures occurred during the first quarter. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, totaled a positive \$6 million. Closure of the TIF is scheduled to occur by the end of 2015-16. At that time, all remaining cash and commitments of the TIF will be transferred to the SHA.

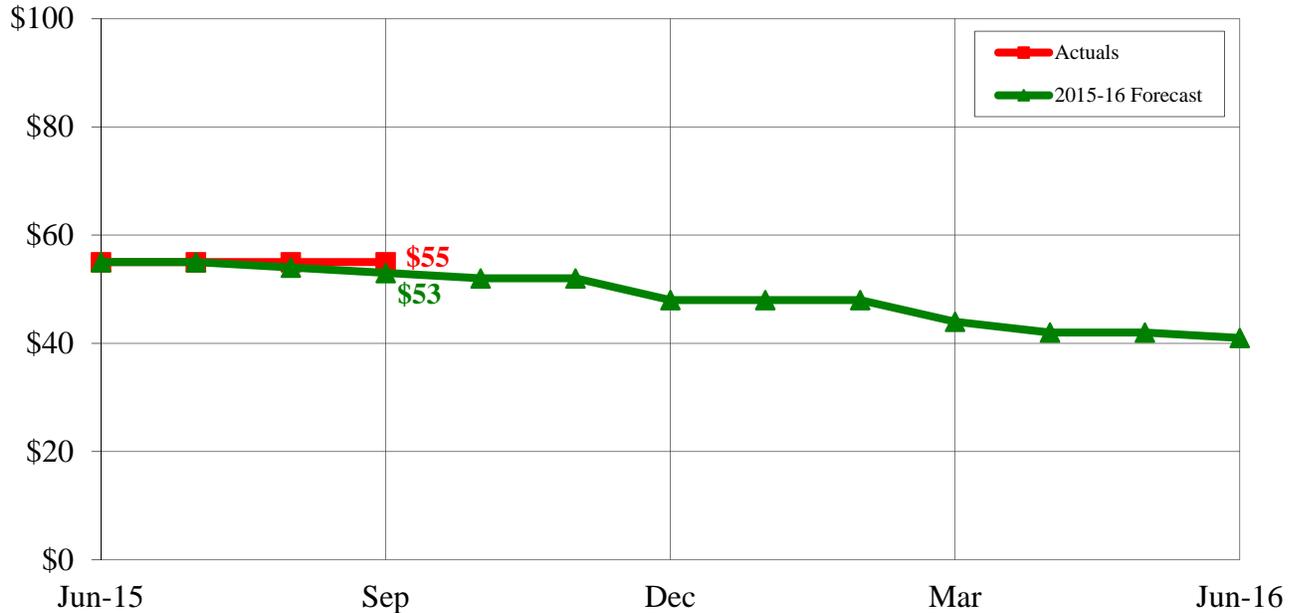
Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$179	\$179	N/A	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-3	0	3	
Adjustments	0	6	6	
Ending Cash Balance	\$176	\$185	\$9	5%

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 first quarter was \$55 million, which was within acceptable range of forecast. Revenues totaled \$83.4 million and transfers totaled negative \$83.4 million, which consisted of the final suspended Proposition 42 loan repayment to the TCRF. No expenditures occurred during the first quarter. Adjustments, which represent timing differences between the Department’s accounting system and the SCO’s accounting system, were nominal.

Year-to-Date Reconciliation

(\$ in millions)				
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$55	\$55	N/A	
Revenues	84	83	-1	
Transfers	-84	-83	1	
Expenditures	-2	0	2	
Adjustments	0	0	0	
Ending Cash Balance	\$53	\$55	\$2	4%

Note: Ending cash balance may differ due to rounding.

APPENDIX D – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of September 30, 2015 (\$ 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:			
Transportation Congestion Relief Fund (TCRF) ²	\$1,066	\$1,065	\$1
Subtotal Proposition 42 Loans:	\$1,066	\$1,065	\$1
General Fund:			
State Highway Account - Weight Fee Revenues ¹	\$227	\$0	\$227
State Highway Account - Weight Fee Revenues ¹	1,237	0	1,237
Public Transportation Account (PTA) ³	29	0	29
Local Airport Loan Account (LALA) ⁴	8	0	8
Motor Vehicle Fuel Account (MVFA) ⁴	8	0	8
Subtotal General Fund Loans:	\$1,508	\$0	\$1,508
High-Speed Passenger Train:			
2013-14 Public Transportation Account (PTA) ⁵	\$23	\$0	\$23
2014-15 Public Transportation Account (PTA) ⁵	31	0	31
Subtotal High-Speed Passenger Train Loans:	\$54	\$0	\$54
Local Mass Transit Providers (PEPRA):			
Public Transportation Account (PTA) ⁶	\$14	\$0	\$14
Subtotal Local Mass Transit Providers Loans:	\$14	\$0	\$14
Totals:	\$3,872	\$1,416	\$2,456

Note: Numbers may not add due to rounding.

¹Loan repayments will be directed to the GF for debt service payments.

²The Department is working with the SCO to perform a final repayment reconciliation.

³Repayment is expected to occur in 2020-21.

⁴Repayment is expected to occur in 2016-17.

⁵Repayment will occur when the PTA is determined to be in need of the funds or when the High-Speed Passenger Train Bond Fund no longer needs the funds.

⁶Repayment must occur no later than January 1, 2019.

Pre-Proposition 42 Loans (Tribal Gaming)

The Pre-Proposition 42 (Tribal Gaming) 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 (2001), authorized a series of loans that included delaying the transfers of gasoline sales tax to transportation for two years (until 2003-04), a loan from the TCRF to the GF, and loans from the SHA and the PTA to the TCRF.

In 2004-05, the Governor negotiated compacts that authorized the use of Tribal Gaming bond revenue to repay these loans in 2005-06, but legal challenges prevented the bonds from being issued. Due to the lack of Tribal Gaming bond proceeds, the GF was tasked with repayment of the loans. Between 2005-06 and 2007-08, the GF made partial loan repayments to the SHA and the PTA, totaling \$351 million. However, since statute did not specify repayment dates and the State was facing continuing budget shortfalls, repayments were suspended. The 2011-12 Governor's Budget indicated that the remaining Tribal Gaming loan repayments would start no earlier than 2016-17, with the SHA as the first fund to be repaid.

AB 115 (2011) declared that the SHA loan repayments are revenues derived from weight fees. As such, loan repayments made to the SHA will be subsequently transferred to the Transportation Debt Service Fund (TDSF). Repayments to the PTA and TCRF are currently scheduled to occur in installments between 2017-18 and 2027-28. The DOF recently announced reduced revenue projections with a repayment schedule that is approximately \$22 million lower than originally anticipated. The Department will monitor progress of repayments and will address potential cash flow issues as they arise.

Proposition 42 Loans

Pursuant to Proposition 42 (2002), the transfer of gasoline sales tax for transportation purposes was made 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 the TCRF. As of July 2007, outstanding Proposition 42 loans are required to be repaid in annual installments with not less than one-tenth of the total amount of the remaining loan and the balance being repaid in full by June 30, 2016. A final loan repayment of \$83.4 million was in September 2015. The final repayment amount was originally anticipated to be \$84 million. The Department is working with the SCO to perform a final reconciliation of repayments and determine if an additional \$600,000 is still owed to the TCRF.

Weight Fees Loans

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. Pursuant to AB 105 (2011), a "Weight Fee Swap" was created, 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 TDSF 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 2010-11 Budget Act authorized a total of \$227 million in loans from the SHA to the GF (\$80 million and \$147 million). Pursuant to 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.

An additional loan of \$44 million to the GF was authorized by the 2011-12 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 July 2012, \$204 million was transferred to the GF from excess weight fees in 2010-11. In April 2013, \$200 million was transferred to the GF from excess weight fees in 2010-11. In May 2013, \$30 million was transferred to the GF from remaining weight fees in 2011-12. In July 2014, excess weight fees available in the SHA were transferred as loans to the GF in the amount of \$92 million for 2013-14. In July 2015, excess weight fees available in the SHA were transferred as loans to the GF in the amount of \$151 million for 2014-15. In total, there are \$1.464 billion in outstanding loans to the GF derived from weight fee revenues. As a result, the June 30, 2021 scheduled repayment of the loans to the SHA will be subsequently transferred to the TDSF.

General Fund Loans

The 2008-09 Budget Act authorized \$227 million in loans to the GF from the SHA, the Bicycle Transportation Account (BTA), the Local Airport Loan Account (LALA), the Motor Vehicle Fuel Account (MVFA), the Historic Property Maintenance Fund (HPMF), and the Pedestrian Safety Account (PSA). As of September 2015, the only loans left outstanding are to the MVFA and the LALA, which are owed \$8 million and \$7.5 million, respectively. These repayments are expected to occur in 2016-17.

The 2010-11 Budget Act authorized a loan of \$29 million from the PTA to the GF. This loan is scheduled to be repaid by June 30, 2021.

High-Speed Passenger Train Loans

The 2013-14 Budget Act authorized up to \$26 million in loans from the PTA to the High-Speed Passenger Train Bond Fund to cover support costs incurred by the High-Speed Rail Authority. During 2013-14, a total of \$23 million was loaned: \$5.4 million on August 16, 2013; \$8.9 million on October 8, 2013; and \$5.6 million on March 13, 2014; and \$3 million on June 9, 2014. The 2014-15 Budget Act authorized an additional amount of up to \$31.6 million for support costs, including an initial authorization of approximately \$29.3 million and an additional authorization of \$2.3 million. During 2014-15, a total of \$31 million was loaned: \$7.3 million on September 17, 2014; \$7.3 million on December 18, 2014; \$7.3 million on February 17, 2015; \$2.3 million on March 25, 2015; and \$6.7 million on May 26, 2015. Repayments will occur when the PTA is determined to be in need of the funds or when the High-Speed Rail Authority no longer has need for the funds.

Local Mass Transit Providers Loans (PEPRA)

Section 13(c) of the Urban Mass Transportation Act of 1964 mandates that employee protections for specified transit workers must be certified by the United States Department of Labor (DOL) before federal transit grants can be released to local mass transit employers. The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new retirement formulas for employees first employed by a public entity on or after January 1, 2013. PEPRA requires such employees to contribute a specified percentage of the normal cost of their defined benefit pension plans, and prohibits public employers from paying an employee's share of retirement contributions. The DOL determined that PEPRA interferes with collective bargaining rights of transit workers protected under Section 13(c). Subsequently, the DOL refused to certify millions of dollars in federal transit grants to California transit agencies.

As a result, the California Legislature enacted AB 1222, which authorized the DOF to loan up to \$26 million from the PTA to local mass transit providers in amounts equal to federal transportation grants not received due to noncertification from the DOL. Concurrently, the State of California pursued litigation against the DOL, challenging its determination that PEPRA is incompatible with federal labor laws. On December 30, 2014, the court ruled that the DOL's determination that PEPRA precluded certification of federal transit grants under Section 13(c) was "arbitrary and capricious," and that the DOL "misinterpreted the law". The matter was remanded to the DOL "for further proceedings consistent with the court's order". The DOL appealed the decision, but subsequently filed to have the appeal voluntarily dismissed, which was granted by the court on August 12, 2015. A hearing is scheduled to occur on October 23, 2015, which resulted from the State of California filing a supplemental complaint to enforce the court's previous order remanding the case.

AB 1222, Section 2(b)(1) states that a local mass transit provider must repay the amount loaned on or before 60 days after a Federal District Court rules that the DOL erred in their determination, or the repayment may be made at a later date if authorized by the DOF. As of September 30, 2015, a total of \$14.2 million has been loaned from the PTA to the local mass transit providers (Sacramento Regional Transit and Monterey-Salinas Transit). Ongoing issues related to the DOL litigation continue to cause delays in repayment of these loans. The Department will monitor the ongoing court appeals and work with the DOF to determine a repayment schedule for the PTA.