

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 22-23, 2023

From: STEVEN KECK, Chief Financial Officer

Reference Number: 3.5, Information Item

Prepared By: Keith Duncan, Chief
Division of Budgets

Subject: **FISCAL YEAR 2022-23 – SECOND QUARTER – FINANCE REPORT**

SUMMARY:

The California Department of Transportation (Department) will present the Fiscal Year 2022-23 Finance Report for the second quarter to the California Transportation Commission (Commission) at its March 22-23, 2023 meeting, as an informational item.

BACKGROUND:

The purpose of the quarterly Finance Report is to provide the Commission with the status of capital allocations versus capacity and to report any trends or issues that may require action by the Department or the Commission regarding transportation funding policy, allocation capacity, or forecast methodology to ensure the efficient and prudent management of transportation resources.

Attachment

*“Provide a safe and reliable transportation network that
serves all people and respects the environment.”*



Department of Transportation Quarterly Finance Report

Second Quarter 2022-23

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 (Department) 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 prior and future Quarterly Finance Reports.

California Department of Transportation
Quarterly Finance Report
Schedule of Reports

Fiscal Year 2022-23

2021-22 Q4

Close of Quarter6/30/22
Quarterly Report to Commission Staff8/30/22
Presented to Commission.....10/12/22

2022-23 Q1

Close of Quarter9/30/22
Quarterly Report to Commission Staff11/15/22
Presented to Commission.....12/7/22

2022-23 Q2

Close of Quarter12/31/22
Quarterly Report to Commission Staff2/15/23
Presented to Commission.....3/22/23

2022-23 Q3

Close of Quarter3/31/23
Quarterly Report to Commission Staff5/15/23
Presented to Commission.....6/28/23

Fiscal Year 2023-24

2022-23 Q4

Close of Quarter6/30/23
Quarterly Report to Commission Staff8/30/23
Presented to Commission.....10/18/23

Department of Transportation

Quarterly Finance Report

Second Quarter 2022-23

EXECUTIVE SUMMARY

2022-23 Capital Allocations vs. Capacity Summary through December 31, 2022 (\$ in millions)

	SHOPP ¹	STIP ¹	AERO	LPP	SCCP	TCEP	ATP	TIRCP	BONDS	TOTAL
Allocation Capacity	\$6,233	\$856	\$4	\$301	\$487	\$829	\$1,643	\$5,136	\$121	\$15,610
Total Votes	2,431	286	3	48	8	235	70	199	33	3,313
Adjustments²	-5	3	0	0	0	0	0	0	0	-3
Remaining Capacity	\$3,807	\$567	\$2	\$252	\$479	\$594	\$1,573	\$4,936	\$88	\$12,300

Note: Amounts may not sum to totals due to independent rounding.

¹Proposition 1B Bonds included in totals for 2022-23.

²Adjustments include authorized project increases and decreases pursuant to the Commission's G-12 process.

Through the second quarter of fiscal year 2022-23, the Commission has allocated approximately \$3.3 billion toward 361 projects. Adjustments totaled negative \$3 million, leaving approximately \$12.3 billion (79 percent) in remaining allocation capacity across multiple programs.

The Department's main accounts referenced in Appendix C ended the second quarter with fund balances that were within 10 percent of forecast with the exception of the Traffic Congestion Relief Fund. The State Highway Account ended the quarter with a fund balance lower than forecast due to excise tax revenue transfers that were lower than projected. The Public Transportation Account and Road Maintenance and Rehabilitation Account fund balances were greater than forecast due to lower than projected expenditures.

On December 29, 2022, the President signed into law the Consolidated Appropriations Act of 2023, making appropriations for the federal fiscal year ending September 30, 2023, totaling \$1.7 trillion. Included in the Act is \$106.3 billion in budgetary resources to the U.S. Department of Transportation, an increase of \$3.4 billion from 2022. The legislation is consistent with the goals of the Infrastructure Investment and Jobs Act by fixing roads and highways, expanding bicycle and pedestrian infrastructure, supporting federal auto safety programs, and investing in the transit state of good repair. More specifically, the bill includes \$800 million for the National Infrastructure Investments, \$62.9 billion for the Federal Highway Administration for formula programs funded by the Highway Trust Fund and \$16.9 billion for the Federal Transit Administration, including \$13.6 billion for Transit Formula grants to expand bus fleets and increase the transit state of good repair.

STATE BUDGET OUTLOOK

On January 10th, Governor Newsom released the proposed budget for the upcoming 2023-24 fiscal year, which represents the initial step in the budgetary process that will ultimately lead to approval of the Budget Act in June later this year. The proposed budget for the Department is approximately \$20.7 billion, an increase of almost \$1.1 billion (5 percent) from the current 2022-23 enacted budget and represents the highest ever proposed budget for the Department.

The largest portion of the total increase continues to be attributed to federal funding from the federal Infrastructure Investment and Jobs Act (IIJA), which was enacted during the 2022 federal fiscal year. The proposed \$1.1 billion increase to the Department's budget is spread across multiple areas. It includes a net decrease of \$45 million in State Operations expenditures, due to a combination of the expected budgetary decrease in the third year of the Clean California Program funding and increases from multiple Budget Change Proposals to support departmental operations. The increases to both Capital Outlay (net increase of \$652 million) and Local Assistance (net increase of \$468 million) are largely attributed to the increase in IIJA federal funding.

Specific to transportation related revenues during the upcoming 2023-24 fiscal year, the Governor's Budget projects gross state gasoline and diesel excise tax collections of approximately \$8.2 billion and \$1.6 billion, respectively. These amounts represent an increase of between five and six percent compared to previously Enacted Budget projections for the current 2022-23 fiscal year. Compared to 2022-23, Transportation Improvement Fee projections for 2023-24 increased by almost ten percent to \$2.3 billion, while diesel sales tax decreased between the same periods by three percent to \$1.3 billion.

From an overall State revenue perspective, due to multiple uncertainties regarding the overall economic and revenue outlook in the near term, the Governor's Budget reflects a balanced plan of funding delays, reductions and pullbacks, fund shifts, trigger reductions, and limited revenue generation and borrowing to address the budget problem, especially as it relates to the forecasted General Fund revenue shortfalls. To preserve the state's ability to respond to any potentially significant negative changes to the outlook in early 2023, the Governor's Budget does not propose to draw from the state's reserve accounts to close the budget gap. The Governor's Budget economic forecast does not project a recession, and if economic and revenue conditions deteriorate in the spring, then the Administration may propose withdrawals from reserve accounts, as well as additional program reductions. Conversely, if conditions improve, then the Administration would not have to propose reserve withdrawals and would also reconsider proposed spending delays and reductions. Specific to Transportation, given the projected decline in General Fund revenues, the Budget includes \$2.7 billion in General Fund reductions, partially mitigated by \$500 million in funding shifts from state transportation funds, to maintain \$11.6 billion (84 percent) of these investments.

The 2022 Budget Act included \$13.8 billion for transportation programs and projects that demonstrated a continued commitment to address transportation-related climate issues. Based on the forecasted decline in General Fund revenues, the Governor's Budget includes \$2.7 billion in General Fund reductions, partially mitigated by a \$500 million funding shift from state transportation funds, to maintain \$11.6 billion (84 percent) of these investments. The proposed budgetary adjustments are provided below.

- Local Climate Adaptation Program Funding – A funding shift of \$200 million from the General Fund to the State Highway Account funding, which leaves the Program's funding unaffected, so it can continue to deliver planning efforts and projects to support climate resiliency and reduces infrastructure risk.

- Active Transportation Program – A reduction of \$500 million of funding from the General Fund, with a \$300 million funding shift from the State Highway Account, for an overall net reduction of \$200 million. This would maintain approximately \$850 million (or 81 percent) of the original \$1.05 billion of the originally planned increase in funding, which will cover the planned 2023 Active Transportation Program cycle six commitments.
- Transit and Intercity Rail Capital Program – A reduction of planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023-24 and \$500 million in each of 2024-25 and 2025-26. These funds are set to be allocated proportionally, by region, based on population to address transit and rail infrastructure needs. This maintains approximately \$5.7 billion (74 percent) of the original \$7.7 billion planned additional funds for local transit capital infrastructure projects. If there is sufficient General Fund in January 2024, this reduction will be restored.
- Grade Separation Funding – A delay of \$350 million of funding originally budgeted to be available in 2021-22, which will instead be made available in 2025-26. Given the multi-year nature of these types of projects, this shift should not significantly impact the ability to deliver the same number of originally planned projects that improve safety for people walking, biking, and driving at rail crossings.

The proposed 2023-24 Governor's Budget includes multiple Budget Change Proposals (BCPs) to support high priority departmental operations. A BCP is a proposal from the Administration to the Legislature to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.

- California Public Records Request and Legislative Bill Analysis Resources – A proposed permanent increase of \$1.3 million and 9 positions to process and respond to state mandated California public record requests and legislative bill analysis workload.
- Administrative Growth – A proposed permanent increase of \$4.4 million and 23.5 positions for administration support to address increased workload requirements commensurate with departmental program growth. The Administration Program supports the mission critical work of Caltrans with a variety of programs such as business operations, human resources, procurement and contracts and sustainability.
- Enterprise Data Governance Technology Solution – A proposed one-time request of \$422,000 in operating expenses to complete stage 4 of the Project Approval Lifecycle. These resources will enable the Enterprise Data Governance Technology Solution project to procure and implement a suite of enterprise data governance related tools for data stewards and data custodians.
- Central Valley Legal Office – A proposed permanent increase of \$3.4 million and 17 positions (phased in over two years) to support increased workload and to establish a legal office in the Central Valley to balance workload throughout the state, from a regional perspective.
- Transportation System Network Replacement (TSNR) – A proposed one-time request of \$5.8 million and 11 positions for continued support of the TSNR project. The new enterprise TSNR safety data system will provide storage for required data, support advanced safety analysis and performance measures to improve roadway safety, reduce fatalities and injuries for all road users including pedestrians and bicyclists on all public roads, and support "Toward Zero Deaths" goal.

- Planning Program Project Initiation Document (PID) Zero-Based Budget (ZBB) – The Department’s PID Program, as part of the Statewide Planning Program, zero bases its budget every two years to align itself with the proposed need for project development. This ZBB requests \$81 million and 420 positions to develop, review, and approve PIDs.
- Highway Safety Program – A proposed four-year request of \$48 million and 38 positions to continue and expand the Highway Maintenance Safety Pilot Program. This program supports the goal of reaching zero fatalities and serious injuries on the state highway system by 2050.
- Statewide Homelessness and Encampment Coordinators and Homelessness Solutions Team – A proposed three-year request of \$5.8 million and 30 positions, and 7 two-year limited-term positions (Solutions Team) to support statewide efforts addressing homelessness within the state highway right of way.
- Hazardous Material Removal at Encampments – A proposed two-year increase of \$20.6 million for the removal of hazardous material from encampments statewide, with a focus on densely populated urbanized areas within the state right of way. These resources will allow for the continuation of activities, in which funding was previously approved in the Enacted 2021-22 Budget.
- Reconfigure Traffic Signals for Leading Pedestrian Interval (LPI) – A proposed permanent increase of \$1.7 million and 1 position to reconfigure the timing of up to 6,000 traffic signals for LPI pursuant to Assembly Bill (AB) 2264 (Chapter 496, Statutes of 2022). AB 2264 requires Caltrans to implement LPI with accessible pedestrian signals on new and existing state-owned or state-operated traffic signals if located in: residential, business, or business-activity districts, safety corridors, school zones, or areas with a high concentration of pedestrians and bicyclists.
- Wildlife Connectivity – A proposed permanent increase of \$1.3 million and 8 positions to implement the new Transportation Wildlife Connectivity Remediation Program created by Assembly Bill (AB) 2344 (Chapter 964, Statutes of 2022). AB 2344 requires Caltrans to establish and administer the Transportation Wildlife Connectivity Remediation Program, in consultation with the Department of Fish and Wildlife, for the purposes of improving wildlife connectivity across transportation systems in connectivity areas.

Now that the proposed 2023-24 budget has been released, the next step is for the negotiation processes between the Administration and the Legislature to begin, which includes meetings with the Legislative Analyst’s Office and legislative staff and holding legislative hearings to discuss BCPs and other proposals contained in this budget proposal. These ongoing negotiations will result in a revised proposed budget that will be released in May (the May Revise), and then continue until the budget is eventually approved by both the legislature and the Governor for enactment by July 1st, 2023.

STATE HIGHWAY OPERATION AND PROTECTION PROGRAM (SHOPP)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$803	\$361	\$10	\$371	\$432
FTF	2,772	1,808	-46	1,762	1,010
RMRA	2,615	263	30	293	2,323
Proposition 1B	43	0	0	0	43
Total	\$6,233	\$2,431	-\$5	\$2,426	\$3,807

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

The Commission allocated approximately \$2.4 billion toward 216 SHOPP projects through the second quarter. Adjustments totaled negative \$5 million, leaving approximately \$3.8 billion (61 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

State Highway Account (SHA). Through the second quarter of 2022-23, net allocations for SHA SHOPP projects totaled \$371 million, leaving approximately \$432 million in remaining allocation capacity. SHA SHOPP funds are primarily derived from a percentage of the base excise taxes on gasoline and diesel, in addition to backfilled weight fees.

Federal Trust Fund (FTF). Net allocations totaling approximately \$1.8 billion were committed toward federally eligible SHOPP projects through the second quarter. This leaves approximately \$1 billion in remaining allocation capacity.

Road Maintenance and Rehabilitation Account (RMRA). Net allocations of \$293 million have been committed toward SHOPP projects through the second quarter, leaving approximately \$2.3 billion in remaining allocation capacity. SB 1 requires a fixed portion of revenue in the RMRA to be set-aside first for certain programs, the remaining balance is equally split between state and local projects.

Proposition 1B. No SHOPP Proposition 1B projects were allocated through the second quarter.

Recommendations

The Department will continue to monitor SHOPP resources and advise the Commission of any concerns or changes.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$648	\$105	\$0	\$105	\$543
FTF	150	117	3	120	30
PTA	0	6	0	6	-6
Proposition 1B STIP	58	58	0	58	0
Total	\$856	\$286	\$3	\$289	\$567

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

The Commission allocated approximately \$286 million toward 52 STIP projects through the second quarter. Adjustments were \$3 million, leaving approximately \$567 million (66 percent) in remaining capacity.

Outlook for Funding & Allocations

SHA. Through the second quarter, net allocations for SHA STIP projects were \$105 million, leaving approximately \$543 million in remaining allocation capacity. Revenue derived from the incremental portion of the state excise tax on gasoline is the primary funding source of state funds for the STIP.

FTF. Net allocations totaling \$120 million were committed toward federally eligible STIP projects through the second quarter, leaving approximately \$30 million in remaining allocation capacity.

Public Transportation Account (PTA). The Commission has allocated \$6 million in PTA STIP through the second quarter, resulting in a \$6 million overallocation. This is offset by available capacity of other state funds.

Proposition 1B. During the second quarter, the Commission fully allocated the remaining \$58 million in available STIP Proposition 1B funds.

Recommendations

The Department will continue to monitor STIP resources and advise the Commission of any concerns or changes.

AERONAUTICS (AERO) PROGRAM

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
AERO Account	\$4.4	\$2.5	\$0	\$2.5	\$1.9
Total	\$4.4	\$2.5	\$0	\$2.5	\$1.9

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

The Commission allocated a lump-sum of \$2.5 million toward the Airport Improvement Program. Through the second quarter, the Department has sub-allocated \$1.8 million to 41 projects. There were no Acquisition & Development actions through the second quarter.

Outlook for Funding & Allocations

The 2020 AERO Account Fund Estimate was adopted by the Commission at the August 2019 meeting and assumes an annual \$4 million transfer from the Local Airport Loan Account (LALA) to the AERO Account over the four-year Fund Estimate period. In 2019-20, the Department, in collaboration with the Department of Finance (DOF) began developing a budget change proposal to request \$10 million in transfers to support the AIP matching grant. At the June 2020 meeting, the Commission approved a resolution to allocate \$2.5 million to match federal AIP grants contingent on a transfer of funds from the LALA. On June 29, 2020, the enactment of the 2020-21 Budget authorized four annual transfers of \$2.5 million from the LALA to the AERO to fund safety, maintenance, operations, and capital improvements projects at airports. Three annual transfers occurred between 2020-21 to 2022-23. The final \$2.5 million transfer is anticipated for 2023-24.

Recommendations

The Department will continue to monitor AERO resources and advise the Commission of any changes or issues.

LOCAL PARTNERSHIP PROGRAM (LPP)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
RMRA	\$301	\$48	\$0	\$48	\$252
Total	\$301	\$48	\$0	\$48	\$252

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

The Commission allocated \$48 million toward 22 LPP projects through the second quarter, leaving approximately \$252 million (84 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

At the December 2020 meeting, the Commission adopted both the 2020 LPP Formulaic and 2020 LPP Competitive Programs. Amendments to both the Competitive and Formulaic project lists were approved by the Commission at the June 2021 meeting. Additions to the Formulaic Program project list were approved by the Commission during the October 2022 meeting. Final guidelines for the 2022 LPP, which cover fiscal years 2023-24 and 2024-25, were adopted by the Commission during the August 2022 meeting. The two-year program includes a total of \$400 million in funds split between the Formulaic and Competitive programs.

Recommendations

The Department will continue to monitor LPP resources and advise the Commission of any changes or issues.

SOLUTIONS FOR CONGESTED CORRIDORS PROGRAM (SCCP)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$487	\$8	\$0	\$8	\$479
Total	\$487	\$8	\$0	\$8	\$479

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

Through the second quarter, the Commission has allocated a total of \$8 million toward two SCCP projects. This leaves approximately \$479 million (98 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

Guidelines for the 2020 program, which encompasses 2021-22 and 2022-23, were adopted by the Commission at the January 2020 meeting. The 2020 SCCP was adopted by the Commission at the December 2020 Meeting. Final guidelines for the 2022 SCCP, which cover fiscal years 2023-24 and 2024-25, were adopted by the Commission at the August 2022 meeting. The two-year program will provide total funding of about \$500 million.

Recommendations

The Department will continue to monitor SCCP resources and advise the Commission of any changes or issues.

TRADE CORRIDOR ENHANCEMENT PROGRAM (TCEP)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
TCEA	\$748	\$234	\$0	\$234	\$514
FTF	81	1	0	1	81
Total	\$829	\$235	\$0	\$235	\$594

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

The Commission has allocated \$235 million toward five TCEP projects through the second quarter, leaving \$594 million (72 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

The 2020 TCEP provides three years of programming for fiscal years 2020-21 through 2022-23. Guidelines for the 2020 TCEP were adopted by the Commission in the third quarter of 2019-20. The 2020 TCEP was adopted by the Commission at the December 2020 meeting. The 2022 TCEP Guidelines and Fund Estimate, which cover fiscal years 2023-24 and 2024-25, were both adopted by the Commission at the August 2022 meeting. The 2022 TCEP represents the third cycle of the program.

Recommendations

The Department will continue to monitor TCEP resources and advise the Commission of any changes or issues.

ACTIVE TRANSPORTATION PROGRAM (ATP)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	\$62	\$7	\$0	\$7	\$55
FTF	260	39	0	39	221
RMRA	271	8	0	8	263
GF	1,049	15	0	15	1,034
Total	\$1,643	\$70	\$0	\$70	\$1,573

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

The Commission allocated \$70 million toward 43 ATP projects through the second quarter, leaving \$1.6 billion (96 percent) in remaining allocation capacity.

Outlook for Funding & Allocations

The Fund Estimate and guidelines for the 2023 ATP were adopted by the Commission at the March 2022 meeting. The sixth cycle of the ATP cover fiscal years 2023-24 through 2026-27. In June 2022, the Governor approved Assembly Bill (AB) 180, which amends the Budget Act of 2021 and appropriates over \$1 billion in one-time general funds for ATP. This additional funding is available for immediate spending for ATP projects and will lapse on June 30, 2027. The Amended 2023 ATP Fund Estimate, adopted by the Commission at the August 2022 meeting, contains these additional state funds available for programming. The 2023-24 Governor's Proposed Budget includes a reduction of \$500 million of funding from the General Fund, with a \$300 million funding shift from the State Highway Account, for an overall net reduction of \$200 million. If approved, the ATP would maintain approximately \$850 million of the original \$1.05 billion planned increase provided by Assembly Bill 180 (2022), which is sufficient to cover the sixth cycle for ATP.

Recommendations

The Department will continue to monitor ATP resources and advise the Commission of any changes or issues.

TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM (TIRCP)

Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
Cap-and-Trade	\$834	\$24	\$0	\$24	\$810
PTA	651	23	0	23	628
GF	3,650	152	0	152	3,498
Total	\$5,136	\$199	\$0	\$199	\$4,936

Notes: Amounts may not sum to totals due to independent rounding.
\$ in millions

Capital Allocations vs. Capacity

Through the second quarter, \$199 million has been allocated toward 19 TIRCP projects. This leaves approximately \$4.9 billion (96 percent) in remaining allocation capacity. The Altamont Corridor Express (ACE) Expansion – Lathrop to Merced project, which is not allocated by the Commission and not displayed in the table above, represent an additional \$2 million in allocations. TIRCP projects are typically very large capital projects with a combination of various funding sources in addition to TIRCP funding. The projects require several years to develop and bring to allocation. The complexity of bringing together multiple fund sources for projects can also impact the timing of project allocations. Remaining capacity is due to multi-year funding commitments for programmed projects, including the ACE Train Expansion project.

Outlook for Funding & Allocations

The TIRCP receives approximately 10 percent of the annual proceeds earned by the state at Cap-and-Trade auctions. Annual proceeds are determined by the number of state-owned emission allowances sold at quarterly auctions held in August, November, February, and May. The TIRCP also receives less variable funding through Transportation Improvement Fee (TIF) revenue deposited in the PTA. The TIF is index to inflation and adjusted each year in January. The 2023-24 Governor's Budget proposes a reduction of planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023-24 and \$500 million in each of 2024-25 and 2025-26 for the TIRCP. The proposal maintains approximately \$5.7 billion of the original \$7.7 billion planned additional funds for local transit capital infrastructure projects provided by Assembly Bill 180. If there is sufficient General Fund in January 2024, this reduction will be restored.

Recommendations

TIRCP revenues are subject to change, dependent in-part on sales at Cap-and-Trade auctions. The Department will monitor the program and, if necessary, will recommend modifications to the Commission.

PROPOSITION 1A & 1B BONDS

Fund	Allocation Capacity	Allocations to Date	Remaining Capacity
Proposition 1A	\$65	\$0	\$65
CMIA	0	0	0
TCIF	29	19	10
Intercity Rail	1	0	1
Local Bridge Seismic	13	14	-1
Grade Separations ¹	0	0	0
Traffic Light Synchronization	0	0	0
Route 99	11	0	11
Short-Line Railroad	2	0	2
Total	\$121	\$33	\$88

Notes: Amounts may not sum to totals due to independent rounding.

\$ in millions

¹Highway-Railroad Crossing Safety Account (HRCSA)

Capital Allocations vs. Capacity

The Commission has allocated approximately \$33 million toward two bond projects through the second quarter. Remaining capacity is \$88 million (73 percent).

Outlook for Funding & Allocations

In the second quarter of 2022-23, the Department received no upfront proceeds for either Proposition 1A or Proposition 1B from the sale of General Obligation (GO) bonds. The State Treasurer's Office did not issue any Commercial Paper (CP) from October through December 2022.

Through the second quarter of fiscal year 2022-23, the Department has been issued approximately \$2.65 billion in CP for Proposition 1A and Proposition 1B projects, of which all but \$336 million has been refunded with GO bond proceeds.

Proposition 1B authority is available for allocation in fiscal year 2022-23, plus estimated authority in future years. These amounts largely consist of authority for the use of potential savings consistent with the Proposition 1B savings policy adopted by the Commission in January 2014. Original allocations are nearly complete for all programs except the Local Bridge Seismic Retrofit Account program, which will continue to make original allocations for several more years. A remaining amount of \$65 million is available for allocation on Proposition 1A connectivity projects.

Recommendations

The Department will continue to monitor Bond resources and advise the Commission of any concerns or changes.

APPENDICES

Appendix AAllocation Capacity and Assumptions

Appendix B Authorized Changes

Appendix C Cash Forecasts

**Forecast Methodology
State Highway Account
Public Transportation Account
Traffic Congestion Relief Fund
Road Maintenance and Rehabilitation Account
Trade Corridor Enhancement Account**

Appendix D Federal Emergency Relief Projects

Appendix E Transportation Loans

Status of Outstanding Transportation Loans, as of December 31, 2022

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2022-23 Final Allocation Capacity By Fund and Program (\$ in millions)

Fund	SHOPP	STIP	AERO	LPP	SCCP	TCEP	ATP	TIRCP	BONDS	TOTAL
SHA	\$803	\$648	\$0	\$0	\$487	\$0	\$62	\$0	\$0	\$2,001
FTF	2,772	150	0	0	0	81	260	0	0	3,264
RMRA	2,615	0	0	301	0	0	271	0	0	3,187
TCEA	0	0	0	0	0	748	0	0	0	748
PTA	0	0	0	0	0	0	0	651	0	651
AERO	0	0	4	0	0	0	0	0	0	4
General Fund	0	0	0	0	0	0	1,049	3,650	0	4,699
Cap and Trade	0	0	0	0	0	0	0	834	0	834
Proposition 1A Bonds ¹	0	0	0	0	0	0	0	0	65	65
Proposition 1B Bonds ¹	43	58	0	0	0	0	0	0	56	157
Total Capacity	\$6,233	\$856	\$4	\$301	\$487	\$829	\$1,643	\$5,136	\$121	\$15,610

Note: Amounts may not sum to totals due to independent rounding.

¹Subject to bond sales.

The 2022-23 allocation capacity of approximately \$15.6 billion is based by program on the following:

- The SHOPP SHA, FTF, and RMRA allocation capacities are based on:
 - The 2022-23 Enacted Budget revenue and expenditure estimates,
 - The 2022 STIP Fund Estimate federal receipts and August Redistribution estimates,
 - The SHA prudent cash balance of \$415 million,
 - 2021-22 carryover allocation capacity,
 - SB 1 projections provided by DOF
- The STIP SHA, FTF, and PTA allocation capacities are based on:
 - The 2022-23 Enacted Budget revenue and expenditure estimates,
 - The 2022 STIP Fund Estimate federal receipts and August Redistribution estimates,
 - The SHA prudent cash balance of \$415 million,
 - The PTA prudent cash balance of \$125 million,
 - 2021-22 carryover allocation capacity,
 - Transportation Facilities Account (TFA) identified savings
- The AERO capacity is based on the 2022 AERO Program Fund Estimate, and 2022-23 Enacted Budget revenue and transfers.
- The LPP capacity is based on the statutory allocation of \$200 million from the RMRA, and approximately \$101 million in carryover capacity.
- The SCCP capacity is based on the statutory allocation of \$250 million from the SHA, and approximately \$237 million in carryover capacity.

- The TCEP capacity is based on the 2022-23 Enacted Budget revenue, estimated Federal funds and 2021-22 carryover capacity.
- The ATP capacity is based on the Adopted 2021 ATP Fund Estimate. The ATP capacity also incorporates the following assumptions:
 - State and federal resources are forecasted to remain stable,
 - SB 1 statutory allocation of \$100 million from RMRA,
 - General Fund appropriation of \$1.05 billion from AB 180,
 - 2021-22 carryover allocation capacity
- The TIRCP capacity is based on following assumptions:
 - 2022-23 Enacted Budget revenue in the PTA,
 - Projected Cap-and-Trade proceeds,
 - General Fund appropriation of \$3.65 billion from AB 180,
 - 2021-22 TIRCP carryover allocation capacity.
- Bond capacity is based on remaining bond authority, budget authority, and any administrative costs.
 - Proposition 1A and 1B capacities are based on the 2022-23 Enacted Budget and includes 2021-22 remaining authority. The bond capacities are also dependent on the sale of sufficient bonds for funding.
 - Allocation capacities for the Transportation Facilities Account (TFA), Highway-Railroad Crossing Safety Account (HRCSA), SHOPP, State Route 99, and TCIF are a result of project close-out and administrative savings.
 - Capacities for Inter-City Rail and the Local Bridge Seismic Retrofit Account (LBSRA) are based on the allocation of originally programmed projects.

APPENDIX B – AUTHORIZED CHANGES

2022-23 Authorized Changes Summary through December 31, 2022 (\$ in millions)

Program	Increase Count	Increase \$	Decrease Count	Decrease \$	Total Count ³	Net \$ Change
SHOPP ¹	77	\$52.5	94	-\$57.8	171	-\$5.3
STIP ²	2	2.8	1	0	3	2.8
TOTAL	79	\$55.3	95	-\$57.8	174	-\$2.5

Note: Amounts may not sum to totals due to independent rounding.

¹Includes SHOPP G-12s, Proposition 1B Bond G-12s (SHOPP Augmentation) adjustments.

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

³May include net zero adjustments.

Summary of Authorized Changes

SHOPP. The Department has processed 77 project increases, totaling \$52.5 million (average of \$682,000 per authorization). The Department has also processed 94 project decreases, totaling negative \$57.8 million (average of negative \$615,000 per authorization). The net change of the 171 allocation adjustments represent a savings of approximately \$5.3 million through the second quarter.

STIP. The Department has processed two project increases totaling \$2.8 million and one project decrease for negative \$900. The net change of three allocation adjustments represent an increase of \$2.8 million.

Background

Commission Resolution G-22-12, which amends Resolution G-19-12, (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 24-month cash forecasts for the SHA, PTA, TCRF, RMRA and TCEA 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 2022-23 cash forecasts were based on the following assumptions:

- State Operations projections are based on historical trends and assumes an approximately 4.8 percent increase each year, based on the DOF's 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 differences between the Department's accounting system and the State Controller's Office (SCO). These adjustments include short-term loans made to the General Fund (GF), short-term loan repayments, Plans of Financial Adjustments, funds transferred in and out, and reimbursements.

SHA

- Capacity levels established in the most recent STIP Fund Estimates encouraged the expeditious planning and delivery of projects. The cash balance is anticipated to reflect the ongoing project delivery over the 24-month period and beyond.
- SB 1 provided significant increases to revenue to fund capital outlay transportation programs such as SHOPP. Several years have elapsed while these programs' projects were initiated, developed, contracted, and mobilized. Consequently, there was a lag before these programs' projects resulted in more substantial cash outflows.
- 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).
- Prudent cash balance of \$415 million.

PTA

- PTA balances reflect the ongoing Transit and Intercity Rail Capital Program (TIRCP) projects, which are typically large, include other funding sources in addition to PTA, and require several years to develop and bring forward for allocation. Consequently, there is a lag before TIRCP projects result in significant cash outflows. Minor fluctuations to the cash balance are expected until TIRCP project spending accelerates, which is anticipated to occur beyond the 24-month period.
- Projected TIRCP programming estimates by the Division of Rail and Mass Transportation.
- Revenue projections provided by the DOF.
- Prudent cash balance of \$125 million.

TCRF

- No further allocation capacity is available due to cessation of the Traffic Congestion Relief Program pursuant to SB 1. Programmed projects will continue to expend over the 24-month period based on historical patterns.

RMRA

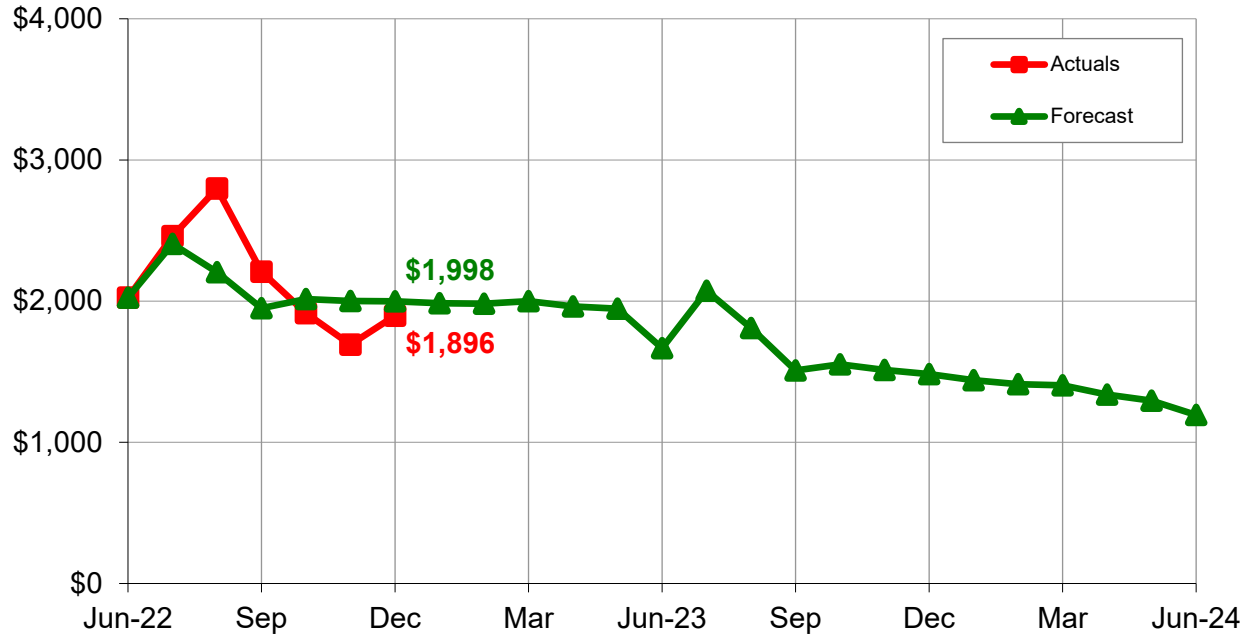
- Capacity levels established in the most recent STIP Fund Estimates accelerated the development and planned delivery of projects, many of which will enter phases requiring increased spending during the 24-month period.
- SB 1 provided significant increased revenue to support new and more recently adopted transportation programs in addition to providing additional funding for programs such as SHOPP. Several years will elapse while these newer programs' projects are initiated, developed, contracted, and mobilized. Consequently, there is a lag before these programs' projects result in significant cash outflows.
- Revenue projections based on data provided by the DOF.
- Prudent cash balance of \$300 million.

TCEA

- Represents state funding for the new Trade Corridor Enhancement Program created by SB 1. Programming and allocation capacity are based on the anticipated receipt of revenue each fiscal year, which is expected to result in an increased cash balance over the 24-month period.
- Revenue projections provided by the DOF.
- Forecasted expenditures are based on historical spending patterns.

Appendix C – Cash Forecasts – State Highway Account

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



Year-to-Date SHA Summary

The SHA ending cash balance through the second quarter was approximately \$1.9 billion, \$102 million (5 percent) below the forecasted amount of \$2 billion. The variance is due to revenue transfers that were lower than forecast. Revenues totaled \$855 million, \$4 million below forecast. Net transfers totaled \$1.4 billion, \$91 million (6 percent) below forecast. Expenditures totaled approximately \$2.5 billion, \$64 million (2 percent) below forecast. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, were \$138 million.

Year-to-Date Reconciliation (\$ in millions)

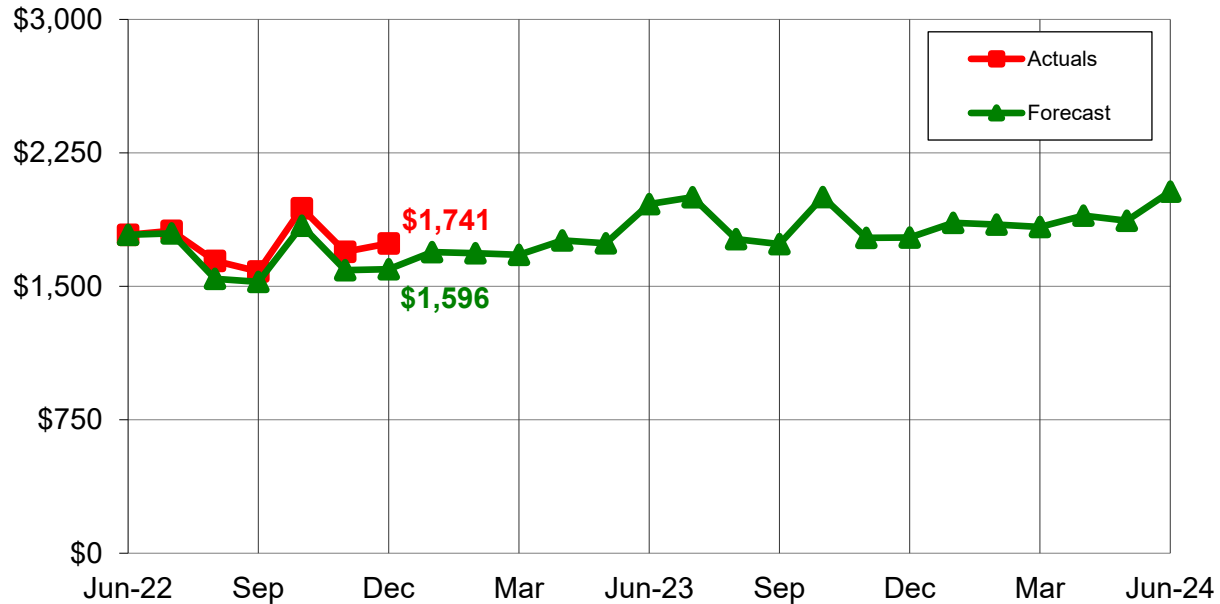
	Forecast	Actual	Difference	%
Beginning Cash Balance	\$2,024	\$2,024	N/A	
Revenues	859	855	-4	
Transfers	1,499	1,408	-91	
Expenditures	-2,594	-2,530	64	
Adjustments	210	138	-71	
Ending Cash Balance	\$1,998	\$1,896	-\$102	-5%

Notes: Amounts may not sum to totals due to independent rounding.

Balance includes pre-paid debt service amount that will be transferred to Transportation Debt Service Fund in 2022-23.

Appendix C – Cash Forecasts – Public Transportation Account

Public Transportation Account (PTA) 24-Month Cash Forecast (\$ in millions)



Year-to-Date PTA Summary

The PTA ending cash balance through the second quarter was approximately \$1.7 billion, \$145 million (9 percent) above the forecasted amount of \$1.6 billion. The variance is primarily due to expenditures that were lower than forecast. Revenues totaled \$507 million, \$33 million (6 percent) below forecast. Expenditures totaled \$635 million, \$101 million (14 percent) below forecast. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, were \$55 million.

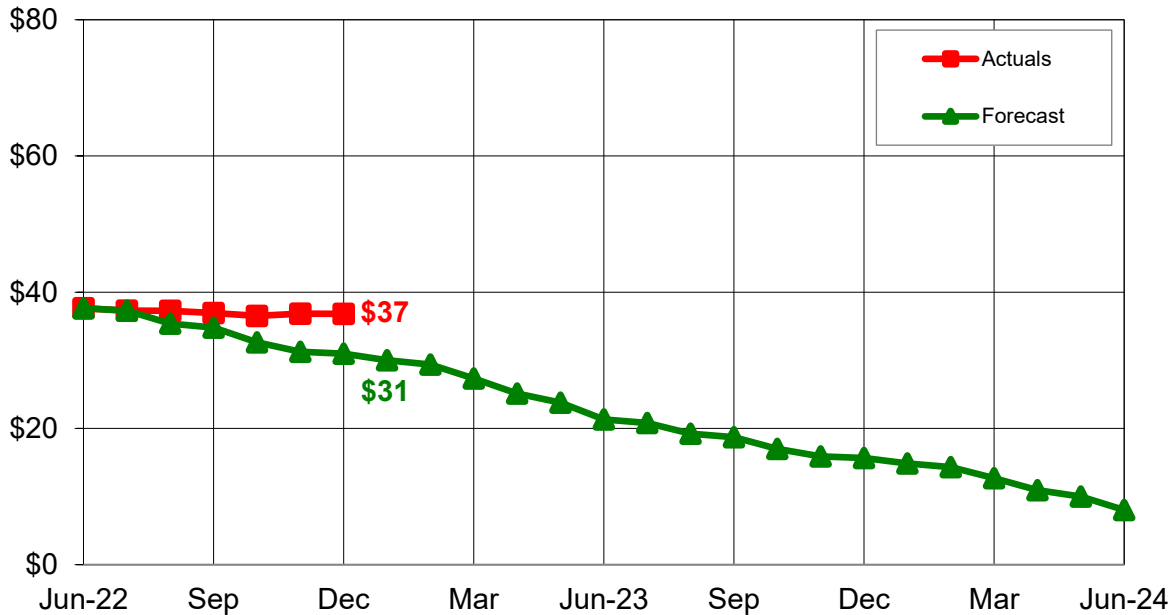
Year-to-Date Reconciliation \$ in millions)

	Forecast	Actual	Difference	%
Beginning Cash Balance	\$1,789	\$1,789	N/A	
Revenues	540	507	-33	
Transfers	25	25	0	
Expenditures	-737	-635	101	
Adjustments	-22	55	77	
Ending Cash Balance	\$1,596	\$1,741	\$145	9%

Note: Amounts may not sum to totals due to independent rounding.

Appendix C – Cash Forecasts – Traffic Congestion Relief Fund

Traffic Congestion Relief Fund (TCRF) 24-Month Cash Forecast (\$ in millions)



Year-to-Date TCRF Summary

The TCRF ending cash balance through the second quarter was approximately \$37 million, \$6 million (19 percent) above the forecasted balance. The variance is primarily due to expenditures that were lower than forecast. Expenditures totaled \$2 million, \$5 million (71 percent) below forecast. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, were \$1 million.

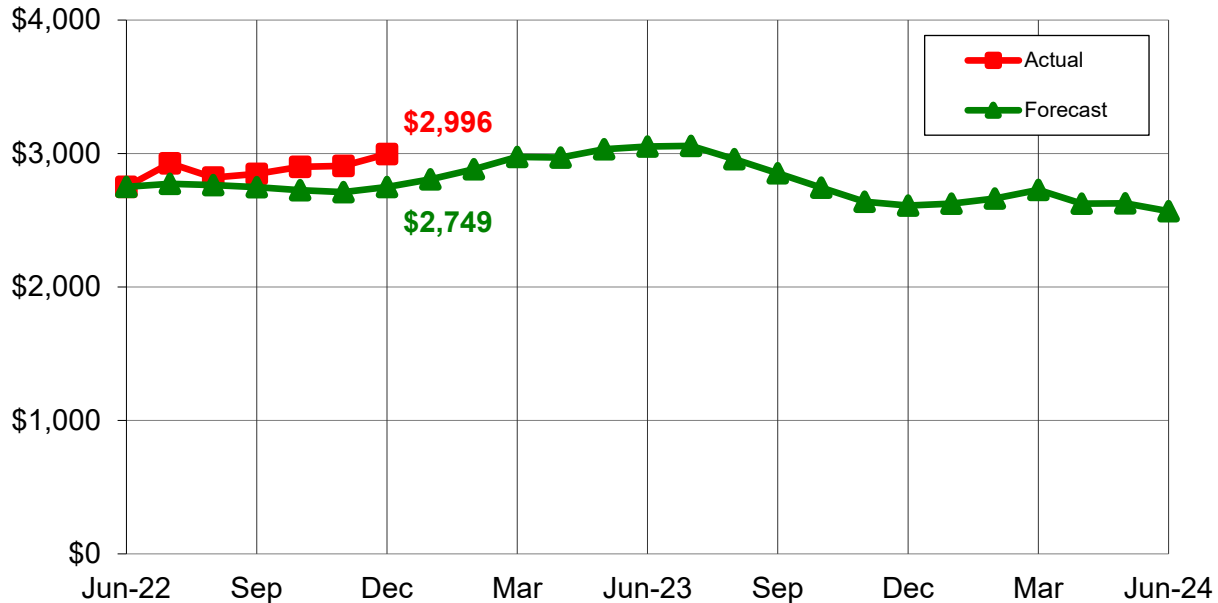
Year-to-Date Reconciliation (\$ in millions)

	Forecast	Actual	Difference	%
Beginning Cash Balance	\$38	\$38	N/A	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-7	-2	5	
Adjustments	0	1	1	
Ending Cash Balance	31	37	6	19%

Note: Amounts may not sum to totals due to independent rounding.

Appendix C – Cash Forecasts – Road Maintenance and Rehabilitation Account

Road Maintenance and Rehabilitation Account (RMRA) 24-Month Cash Forecast (\$ in millions)



Year-to-Date RMRA Summary

The RMRA ending cash balance through the second quarter was approximately \$3 billion, \$247 million (9 percent) above the forecasted balance of \$2.7 billion. The variance is primarily due to expenditures that were lower than forecast. Revenues totaled approximately \$722 million, \$21 million (3 percent) below forecast. Transfers totaled \$1.1 billion, \$4 million below forecast. Expenditures were \$1.5 billion, \$290 million (16 percent) below forecast. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, were negative \$42 million through the second quarter.

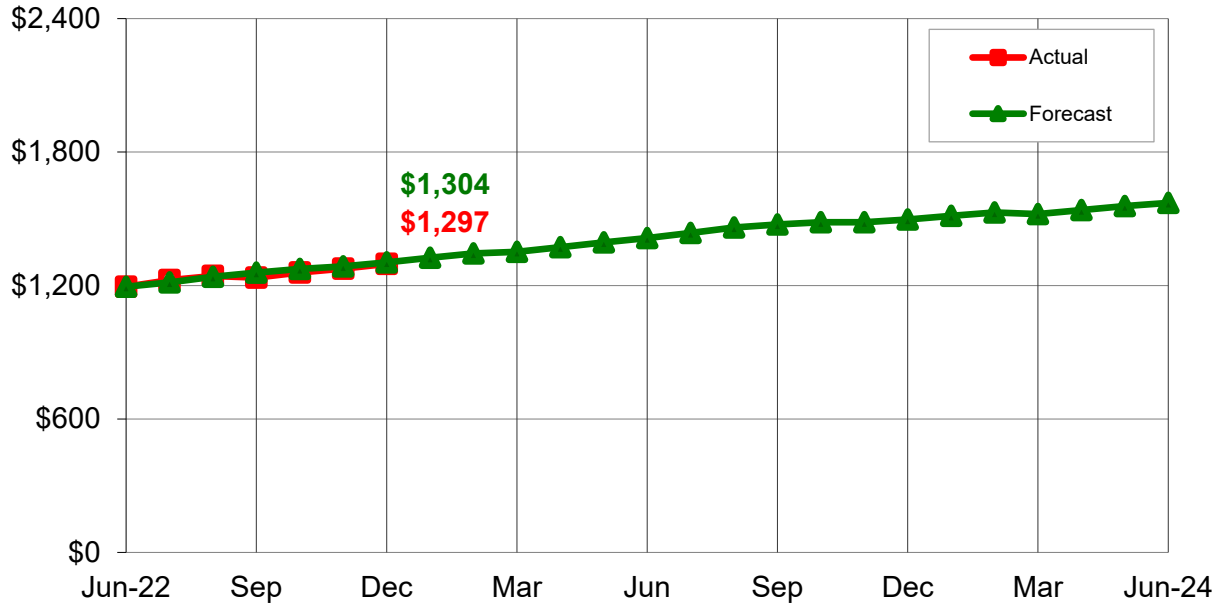
Year-to-Date Reconciliation (\$ in millions)

	Forecast	Actual	Difference	%
Beginning Cash Balance	\$2,751	\$2,751	N/A	
Revenues	743	722	-21	
Transfers	1,105	1,101	-4	
Expenditures	-1,825	-1,535	290	
Adjustments	-24	-42	-18	
Ending Cash Balance	\$2,749	\$2,996	\$247	9%

Notes: Amounts may not sum to totals due to independent rounding.

Appendix C – Cash Forecasts – Trade Corridor Enhancement Account

Trade Corridor Enhancement Account (TCEA) 24-Month Cash Forecast (\$ in millions)



Year-to-Date TCEA Summary

The TCEA ending cash balance through the second quarter was approximately \$1.3 billion, \$7 million (1 percent) below the forecasted balance. The variance was due to expenditures that were higher than the forecast. Revenues totaled \$6 million through the second quarter. Transfers, which primarily represent deposits of diesel excise tax revenue, were \$193 million, \$6 million (3 percent) above the forecast. Expenditures were \$94 million, \$11 million (13 percent) higher than projected. Adjustments, which represent the timing differences between the Department's accounting system and the SCO's accounting system, were -\$2 million.

Year-to-Date Reconciliation (\$ in millions)

	Forecast	Actual	Difference	%
Beginning Cash Balance	\$1,195	\$1,195	N/A	
Revenues	7	6	-1	
Transfers	187	193	6	
Expenditures	-83	-94	-11	
Adjustments	-1	-2	-1	
Ending Cash Balance	\$1,304	\$1,297	-\$7	-1%

Notes: Amounts may not sum to totals due to independent rounding.

Balance does not include transfer to the Transportation Revolving Account that occurred in the beginning of the fiscal year.

APPENDIX D – FEDERAL EMERGENCY RELIEF PROJECTS

The Federal Highway Administration (FHWA) Emergency Relief Program allocates \$100 million on an annual basis to fund repairs and reconstruction of eligible highway damage resulting from declared disasters nationwide. Congress has periodically provided additional funds for the program through supplemental appropriations. The table below represents the remaining Emergency Relief (ER) funding need for approved California disasters. The need for the next 0-6 months is the basis for the formal request of ER funding made to the FHWA. Columns for “Total Federally Eligible Cost of Event” and “ER Funds Previously Allocated” have been included to reflect standard reporting submitted to the FHWA.

EVENT (\$ in thousands)	Total Federal Eligible Cost of Event	ER Funds Previously Allocated	Net Allocation Needs Next 0-6 Months	Net Allocation Needs Beyond 6 Months
CA06-1 December 2005 Statewide Storms	\$579,522	\$578,140	\$1,382	\$0
CA12-3 March '12 Storm	\$23,809	\$23,801	\$8	\$0
CA15-2 December 2014 Statewide Storm Damage	\$99,144	\$98,444	\$322	\$378
CA16-4 March 5, 2016 Storms	\$116,779	\$113,017	\$3,762	\$0
CA17-1 December 9, 2016 Storms	\$76,275	\$64,417	\$8,863	\$2,995
CA17-2 January 6, 2017 Storms	\$962,155	\$873,313	\$39,696	\$49,146
CA18-1 October 2017 Wildfires	\$12,958	\$3,149	\$19	\$9,790
CA18-2 October 2017 Napa Fire Complex	\$1,408	\$282	\$245	\$881
CA18-3 December 2017 Thomas, Creek and Rye, Lilac Fire and Mudslides	\$41,295	\$38,434	\$1,041	\$1,820
CA18-6 July 2018 Fires SB, Sis, SD Counties	\$26,100	\$18,032	\$0	\$8,068
CA19-1 November 2018 Fires	\$165,243	\$91,120	\$74,123	\$0
CA19-2 January / February Winter Storms	\$285,490	\$129,436	\$18,795	\$137,259
CA20-2 August 2020 Wildfires	\$96,061	\$23,381	\$64,511	\$8,168
CA20-3 September 2020 Wildfires	\$22,341	\$7,784	\$14,179	\$378
CA21-1 January '21 Winter Storms	\$36,196	\$9,282	\$0	\$26,914
CA21-2 Summer '21 Wildfires	\$44,517	\$0	\$56	\$44,461
CA22-1 October '21 Alisal Fire	\$2,015	\$0	\$0	\$2,015
CA22-2 October '21 Winter Storms	\$6,279	\$0	\$0	\$6,279
CA22-3 December '21 Winter Storms	\$35,038	\$0	\$0	\$35,038
CA22-4 January '22 Colorado Fire	\$1,563	\$0	\$0	\$1,563
CA22-7 July '22 Siskiyou Fires	\$908	\$0	\$0	\$908
TOTAL	\$2,635,097	\$2,072,033	\$227,003	\$336,061

Future federal ER funding of this type can only be used to fund emergency-relief 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 December 31, 2022 (\$ in millions)

FUND	Original Loan	Loans / Interest Paid-to-Date	Remaining Balance
High-Speed Passenger Train:			
2013-14 Public Transportation Account (PTA) ¹	\$23	\$0	\$23
2014-15 Public Transportation Account (PTA) ¹	31	0	31
Subtotal High-Speed Passenger Train Loans:	\$54	\$0	\$54
General Fund Loans:			
Local Airport Loan Account (LALA)	\$22	\$0	\$22
Subtotal General Fund Loans:	\$22	\$0	\$22
Totals:	\$76	\$0	\$76

Note: Amounts may not sum to totals due to independent rounding.

¹Repayment 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.

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, consisting of \$5.4 million in August 2013, \$8.9 million in October 2013, \$5.6 million in March 2014, and \$3 million in June 2014. The 2014-15 Budget Act authorized additional loans of up to \$31.6 million for support costs incurred in 2014-15, including an initial authorization of \$29.3 million and an additional authorization of \$2.3 million. During 2014-15, a total of \$30.9 million was loaned, consisting of \$7.3 million in September 2014, \$7.3 million in December 2014, \$7.3 million in February 2015, \$2.3 million in March 2015, and \$6.7 million in May 2015. No additional loans are anticipated to occur. Pursuant to statute, loans will be repaid when the PTA is determined to be in need of the funds or when the High-Speed Rail Authority no longer needs the funds.

General Fund Loan (LALA Loan)

On March 4, 2020, Governor Newsom declared a state of emergency enabling a statewide effort to prepare and respond to the COVID-19 pandemic. Californians were directed to shelter-in-place and non-essential businesses were closed. The impact to the state resulted in a severe drop in economic activity, with corresponding negative effects on anticipated revenues. As a result of these conditions the 2020-21 Enacted Budget authorized a \$21.8 million loan from the LALA to the GF for fiscal year 2020-21. On July 30, 2020, the SCO processed the loan from the LALA to GF for \$21.8 million. The loan is anticipated to be repaid but a date has not been established.