

California Department of Transportation
California State Infrastructure Bank



Fiscal Year 2006-2007
Annual Report

Introduction

The California State Infrastructure Bank (SIB) was implemented by the California Transportation Commission (Commission) and the California Department of Transportation (Department) to provide flexible, short-term financing to public entities and public-private partnerships for the purpose of accelerating the delivery of transportation projects in California.

History

The National Highway System Designation Act of 1995 authorized the creation of a SIB pilot program to provide credit assistance to public and private entities for eligible highway construction and transit capital projects. California was selected as one of ten states to participate in this pilot program and a \$3 million appropriation was authorized for this purpose from the U.S. Department of Transportation (U.S. DOT) in August 1997.

Senate Bill 567 (Chapter 664, Statutes of 1998) gave the Commission authority to allocate federal and State funds to the Department to implement California's SIB, referred to as the Transportation Finance Bank (TFB). The Commission adopted guidelines in August 1997 to establish a credit enhancement program under its SIB and directed the Department to include a reservation for the TFB in the 1998 State Transportation Improvement Program (STIP) Fund Estimate. However, there were no applications to the TFB for this purpose and no funding was targeted for the credit enhancement program.

The California Infrastructure and Economic Development Bank (CIEDB) was included in the original legislation as the entity to administer the SIB program. With a funding capacity of \$3 million, the administrative fees that CIEDB charge would render the program impractical to operate and maintain. Therefore, for the purposes of the program, the Department proposed legislation (AB 2996, Chapter 805, Statutes of 2002) that gave the Department the authority to fully administer the program. This legislation removed the CIEDB as the lender and authorized the Department to perform that function for the program.

The Commission approved the TFB loan program at its January 2003 meeting. The program offers flexible, short-term loans with below-market interest rates to public entities and public-private partnerships for the purpose of accelerating the delivery of transportation projects in California. The Department's goal is to provide a meaningful financing mechanism that will be of value in advancing transportation projects.

Operations

The TFB operates strictly as a loan program. The Department makes direct loans to eligible borrowers for eligible transportation projects, with the provision that the loan principal will be repaid, subject to terms and conditions agreed upon at the time the loan is made.

Loans are available to local public entities and public-private partnerships. Any regional transportation planning agency or county transportation commission (the regional agency for that county's submission to the STIP) may apply for a loan.

Projects

The total number of projects assisted by the TFB is two, with a loan value of \$1.12 million. A summary of each project is provided below.

El Rancho Drive Reconstruction, Santa Cruz

On April 8, 2004, the Commission approved a loan between the Department and Santa Cruz County Regional Transportation Commission (SCCRTC). The project provides for the repair of the storm damaged section of El Rancho Drive at La Madrona Drive via the construction of a 150-foot two-lane reinforced concrete box structure.

SCCRTC borrowed \$600,000 to supplement the cost of the project that totaled approximately \$3.7 million. The loan term was for a six-year period with an annual interest rate of 1 percent.

Route 132 East Infill Widening, Stanislaus

On May 13, 2004, the Commission approved a loan between the Department and Stanislaus Council of Governments (SCOG). The project will upgrade a section of State Route 132 (SR 132) which currently alternates between two and four through travel lanes. By creating a uniform four through travel lanes the project will eliminate all two-lane bottlenecks on SR 132 along the northern boundary of a major industrial park located in Stanislaus County and the City of Modesto.

SCOG borrowed \$520,000 to supplement the cost of the project that totaled approximately \$11.7 million. The loan term was for a three-year period with an annual interest rate of 1 percent.

Financial Information

Attached are the annual report statements for California's State Infrastructure Bank for the Fiscal Year 2006-2007.