

Merrin Gerety

From: Kiana Buss
Sent: Tuesday, September 01, 2009 2:10 PM
To: Kiana Buss
Cc: DeAnn Baker; Merrin Gerety
Subject: Transportation Committee Meeting Follow Up
To: CEAC Transportation Committee
 Legislative Coordinators
From: DeAnn Baker, CSAC Senior Legislative Representative
 Kiana Buss, CSAC Legislative Analyst

Re: Transportation Committee Meeting Follow Up

To: CEAC Transportation Committee
 Legislative Coordinators
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Re: Transportation Committee Meeting Follow Up

Thanks to all who were able to attend in person or call into the CEAC Transportation Committee meeting last Friday, August 28th. We hope it was as helpful to you as it was to us! We wanted to provide you with the following highlights from the meeting:

Grassroots Advocacy & Coalition Building

The successful discussion on grassroots advocacy and coalition building led to a number of ideas being shared or developed for other counties to consider using in the future should HUTA continue to be proposed to be taken from local agencies. Please see attached list of ideas. Should you think of any new ideas, please feel free to email me back and I can add to the list and share with the group again.

Budget Issues: HUTA Date Certain for Payback

CSAC staff handed out new budget clean-up language (attached) as proposed by the DOF which is expected to be passed before the end of the Legislative session on September 11th. The language provides a date certain for payback as well as changes to the months in which HUTA deferrals will take place. The new HUTA deferrals will be as follows, if and when the DOF clean-up bill is enacted:

- July and August 2009 apportionments are paid back with August revenues at the end of September.
- October 2009 apportionment paid as regularly scheduled at the end of October.
- November 2009 through March 2010 apportionments deferred and paid back on or within two business days of April 28, 2010.
- April, May, and June 2010 apportionments paid as regularly scheduled at the end of each month.

The Committee agreed with the staff analysis that this sufficiently takes care of CSAC/CEAC's concerns that the HUTA payback date be specified in statute. Furthermore, RCRC was successful in requesting a tiny counties (under 40,000 in population) exemption from the HUTA deferrals. The following counties are exempt from the deferrals should the clean-up language be enacted:

- Alpine
- Amador
- Colusa
- Del Norte
- Glenn
- Inyo
- Lassen
- Mariposa

- Modoc
- Mono
- Plumas
- Trinity
- Sierra

Budget Issue: Prop 1B Backfill HUTA

The DOF's proposed clean-up language also allows counties to use Prop 1B LSR funds and other "special funds" to backfill the HUTA deferrals.

Budget Issue: Prop 1B Use-It-Or-Lose-It Extension

With respect to requesting a Prop 1B LSR Use-It-Or-Lose-It extension, the committee agreed to wait until the beginning of the next legislative session to seek this change as the DOF and Legislature are unwilling to deal with anything that isn't considered timely and vital before the end of this session. The earliest this deadline would come into play is 2011 based on the statute that allows 3 fiscal years for expenditure after the fiscal year in which funds were received.

Budget Issue: Prop 1B new requirements

Lastly, during the committee meeting, staff was directed to review compromise language agreed to by the DOF and CSAC when the DOF first tried to tie counties to the new Prop 1B fund balance requirements during 2008 budget negotiations. It appears that a very similar version of this compromise language was already included in the original budget revision trailer bill. See subsection (f) in attached Prop 1B requirements document. Staff now thinks subsection (f) combined with the definition of unencumbered in subsection (g) is sufficient and flexible enough to allow us to comply with this requirement. **Please review and let us know should you still think your county will have difficulty in meeting this requirement.**

Action Items

1. CSAC staff also agreed to provide you with the attached sample letter so each county can thank their Assembly Members (regardless of political party) as well as their Senator should they have voted "NO" on the HUTA take bills (see attached vote counts on both parts of the HUTA take). Also, we are working with the CEAC President to draft a letter to the Assembly Republican Caucus thanking them for their efforts to save HUTA.
2. Lastly, we would like to reiterate how important it is for each county to reach out to the district and capitol office staff for your entire legislative delegation that works on these issues and start to educate them about transportation funding and the importance of HUTA in order to build relationships with them so that during crisis times we have an easier time advocating on behalf of our interests.

Again, thanks to those that participated in the very successful meeting and to Contra Costa County for hosting us! Please let us know if you have any questions or need further information.

Kiana Buss

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Ideas for Grassroots Advocacy and Coalition Building
CEAC Transportation Committee Meeting
August 28, 2009

Advocacy/Grassroots, Coalition Building

- Facebook page and twitter feeds
- Letter writing campaign
 - Maintenance staff personally wrote their representatives about job loss and other affects of the proposed HUTA take
 - Reach out to contracting/engineering community and get them involved in letter writing and media campaigns
 - For example, Telfer Oil sent out an alert to their 7 regional managers to have local staff call legislative representatives
- Media campaign
 - Public Information Office media blast via newspaper, television, and radio
 - One public works director held media “office hours” where media could call him during a certain period of time each week to discuss the newest information
 - Newspaper ad (Contra Costa County Maintenance Staff took personal donations to run an ad against the HUTA take in the local paper)
- Involve union (i.e. SEIU walked neighborhoods)
- Educate local elected officials, county executive office, and public
 - For example, make the connection that the loss of these funds means all investments from local sales tax measures will be lost in a matter of years.
 - Use photos and signs to connect HUTA funding to projects in the community, i.e. “Paid for by ...”
 - Make presentation to Board and public regarding all the previous storm damage sites that would not get addressed in the future should these cuts take place. Or, telling public and Board not to expect snow plow this winter should the cuts be put into affect.
 - PowerPoint with CSAC survey results and specific county impacts
 - Pass out flyers at local shopping centers/malls
- Reach out to cities and regional agencies (SBCAG sent a resolution to Legislature)
- Reach out to other affected organizations such as Native American tribes or the farm bureau and get them involved in advocacy efforts.
- Standing “State Budget” item on the weekly Board agenda so Public Works Directors can bring the issue up every week.

Date

The Honorable **FULL NAME**
California State **HOUSE**
State Capitol, Room **NUMBER**
Sacramento, CA 95814

Re: Thank You for Helping Save HUTA in the FY 2009-10 Budget Revisions

Dear **INSERT TITLE & NAME:**

The County of BLANK would like to thank you for your role in stopping the proposed cuts to the local gas tax, or the Highway User Tax Account (HUTA), contained in ABX4 24 and ABX4 30 during the state budget revisions enacted in July 2009. Retaining these funds for counties saved over 4,000 county public works jobs that would have been lost during the worst economic era this state and our nation has experienced in decades. Moreover, taking HUTA funds from local governments would have also resulted in additional lay-offs in other county departments, cities and the private sector.

Your work to save local HUTA funds in the budget will also help keep the traveling public safe and keep our economy moving in the right direction. A loss of HUTA funds in the magnitude that was being considered by the Legislature would have jeopardized safety projects, emergency response, and critical maintenance functions such as street lighting and snow removal. While some of these services may appear to be minor in nature, they are in fact vital to providing and maintaining a safe and efficient transportation network that all Californians rely on in their daily life. This same roadway system is also vital for commerce, goods movement and farm-to-market activities all of which have consequences on economic activity throughout California.

Specifically, the HUTA take would have had the following affects on the County of...
Insert a paragraph or bullet points of specific county impacts – i.e. job loss, project impacts, safety, snow removal, etc.

Once again, thank you for you involvement in saving HUTA funds in the FY 2009-10 State Budget. California's counties understand the tough decisions that were facing you in July and will continue to face you in the coming months. Our county and our public works staff and the people we mutually serve are most appreciative of your efforts.

Sincerely,

UNOFFICIAL BALLOT

MEASURE: ABX4 30

AUTHOR: Evans

TOPIC: Budget Act of 2009.

DATE: 07/24/2009

LOCATION: SEN. FLOOR

MOTION: Assembly 3rd Reading AB30 Evans By Steinberg
(AYES 21. NOES 19.) (PASS)

AYES

Alquist Ashburn CalderonCorbett
Ducheny Florez Hancock Hollingsworth
Kehoe Leno Liu Lowenthal
Negrete McLeod Oropeza Padilla Price
Romero SimitianSteinberg Wiggins
Wright

NOES

AanestadBenoit Cedillo Cogdill
Correa Cox Denham DeSaulnier
Dutton Harman Huff Maldonado
Pavley Runner Strickland Walters
Wolk Wyland Yee

ABSENT, ABSTAINING, OR NOT VOTING

UNOFFICIAL BALLOT

MEASURE: ABX4 24

AUTHOR: Bass

TOPIC: Transportation finance.

DATE: 07/24/2009

LOCATION: SEN. FLOOR

MOTION: Assembly 3rd Reading AB24 Evans Urgency Clause
(AYES 31. NOES 5.) (PASS)

AYES

AanestadAlquist Ashburn Benoit
CalderonCorbett Cox DeSaulnier
Ducheny Florez Hancock Hollingsworth
Huff Kehoe Leno Liu
Lowenthal Negrete McLeod Oropeza Padilla
Pavley Price Romero Runner
SimitianSteinberg Walters Wiggins
Wright Wyland Yee

NOES

Cogdill Dutton Harman Strickland
Wolk

ABSENT, ABSTAINING, OR NOT VOTING

Cedillo Correa Denham Maldonado

An act to amend Section 13311.1 of the Government Code, to amend Section 2103.1 of the Streets and Highways Code, to add Section 12104 to the Welfare and Institutions Code, and to amend Section 39 of Chapter 12 of the Statutes of 2009 of the Third Extraordinary Session, relating to state finances, and declaring the urgency thereof, to take effect immediately.



THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 13311.1 of the Government Code is amended to read:

13311.1. (a) Notwithstanding any other law, including, but not limited to, Section 13311, in order to achieve effective management of state cash resources, the Director of Finance, ~~may defer~~ do both of the following:

(1) Defer payments of General Fund moneys owed in July through September of 2009, in an amount not to exceed seven hundred fifty million dollars (\$750,000,000), appropriated to the University of California in the 2009 Budget Act.

(2) Defer payments of General Fund moneys owed in February 2010, in an amount not to exceed two hundred fifty million dollars (\$250,000,000), appropriated to the University of California in the 2009 Budget Act.

(b) (1) Of the amount deferred pursuant to paragraph (1) of subdivision (a), the payment of two hundred fifty million dollars (\$250,000,000) shall be made in October 2009. The payment of the remaining amount deferred pursuant to paragraph (1) of subdivision (a) shall occur no earlier than April 2010 and at the earlier of (1) the day after all outstanding revenue anticipation notes issued by the state in the 2009–10 fiscal year have been repaid, as determined by the Director of Finance, or (2) June 30, 2010.

(2) The payment of the amount deferred pursuant to paragraph (2) of subdivision (a) shall be made no earlier than April 20, 2010, but no later than May 31, 2010.

(c) Notwithstanding any other provision of law, in order to achieve effective management of state cash resources, the Director of Finance ~~may defer~~ do both of the following:



(1) Defer payments of General Fund moneys owed in July 2009, in an amount not to exceed two hundred ninety million dollars (\$290,000,000) appropriated to the California State University in the 2009 Budget Act.

(2) Defer payments of General Fund moneys owed in February 2010, in an amount not to exceed two hundred fifty million dollars (\$250,000,000), appropriated to the California State University in the 2009 Budget Act.

(3) Defer payments of General Fund moneys owed in March 2010, in an amount not to exceed one hundred fifty million dollars (\$150,000,000), appropriated to the California State University in the 2009 Budget Act.

(d) (1) The payment of the amount deferred pursuant to paragraph (1) of subdivision (c) shall be made in October 2009.

(2) The payment of the amount deferred pursuant to paragraph (2) of subdivision (c) shall be made no earlier than April 20, 2010, but no later than May 31, 2010.

(3) The payment of the amount deferred pursuant to paragraph (3) of subdivision (c) shall be made no earlier than May 1, 2010, but no later than May 31, 2010.

SEC. 2. Section 2103.1 of the Streets and Highways Code is amended to read:

2103.1. (a) Notwithstanding any other law, the apportionment of revenues deposited to the credit of the Highway Users Tax Account in the Transportation Tax Fund that are otherwise required to be made, pursuant to this chapter, to cities, counties, and cities and counties for the following months of July, August, September, October, November, and December of 2009 shall be deferred and shall be made after January 1, 2010. as follows:



(1) For the months of July and August of 2009, the apportionments shall be paid with the payment of August revenues in September 2009. This deferral shall not apply to a county with a population of less than 40,000.

(2) For the months of November and December of 2009, and January, February, and March of 2010, the apportionments shall be paid on or within two business days of April 28, 2010. This deferral shall not apply to a county with a population of less than 40,000.

(b) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city, county, or city and county may make use of any cash balance in its account that is designated for the receipt of state funds allocated for local streets and roads or the county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code) for local street and road maintenance and operations, during the period of the deferrals of apportionment payments pursuant to subdivision (a). The use of this cash shall not be considered as an expenditure of bond act funds if the cash is replaced when the payments in subdivision (a) are made.

(c) Notwithstanding any other provision of law, for the purpose of meeting the cash obligations associated with ongoing street and road costs, a city, county, or city and county may make use of any cash balance available to a special fund of the city, county, or city and county during the period of deferral of apportionment payments pursuant to subdivision (a).



(d) This section shall not affect any requirement that an expenditure is required to be accrued and reflected from the appropriate funding source for which the money was received and that an expenditure is required to meet all the requirements of its funding source.

SEC. 3. Section 12104 is added to the Welfare and Institutions Code, to read:

12104. Notwithstanding any other provision of law, upon the order of the Director of Finance, the Director of Social Services shall defer all supplemental payments to the federal government required pursuant to subdivision (b) of Section 12100 in February 2010 and March 2010 and, instead, make payments for those months after April 20, 2010, but no later than May 31, 2010.

SEC. 4. Section 39 of Chapter 12 of the Statutes of 2009 of the Third Extraordinary Session, as amended by Section 17 of Chapter 23 of the Statutes of 2009 of the Fourth Extraordinary Session, is amended to read:

Sec. 39. (a) Notwithstanding Sections 84320, 84321, and 84321.5 of the Education Code and any other law that ~~covers~~ governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, two hundred million dollars (\$200,000,000) from the payment of apportionments to districts pursuant to Sections 84320, 84321, and 84321.5 of the Education Code for July 2009, shall be deferred to October 2009.

(b) Notwithstanding Sections 84320, 84321, and 84321.5 of the Education Code and any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, one hundred million dollars (\$100,000,000) from the payment of apportionments to districts pursuant to Sections



84320, 84321, and 84321.5 of the Education Code for March 2010, shall be deferred to May 2010.

(b)

(c) Notwithstanding any other law, one billion dollars (\$1,000,000,000) from the payment of apportionments pursuant to Section 14041 of the Education Code for July 2009, to local educational agencies that maintain kindergarten and any of grades 1 to 12, inclusive, shall be deferred to December 2009.

(e)

(d) Notwithstanding any other law, one billion five hundred million dollars (\$1,500,000,000) from the payment of apportionments pursuant to Section 14041 of the Education Code for August 2009, to local educational agencies that maintain kindergarten or any of grades 1 to 12, inclusive, shall be deferred to October 2009.

(d)

(e) Notwithstanding any other law, one billion dollars (\$1,000,000,000) from the payment of apportionments pursuant to Section 14041 of the Education Code for November 2009, to local educational agencies that maintain kindergarten and any of grades 1 to 12, inclusive, shall be deferred to January 2010.

(e)

(f) (1) Notwithstanding subdivisions ~~(b), (c), and (d)~~ (c), (d), and (e), and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Section 14041 of the Education Code that include the full amount of the apportionment payments for the months of July, August, and November for a local educational agency for which the county superintendent of schools certifies to the



Superintendent of Public Instruction and to the Director of Finance on or before August 10, 2009, that the deferral of warrants pursuant to subdivisions ~~(b) and (e)~~ (c) and (d) will result in qualifying the local educational agency for an emergency apportionment pursuant to Article 2 (commencing with Section 41320) of Chapter 3 of Part 24 of Division 3 of Title 2 of the Education Code.

(2) In order for a county office of education to receive payments pursuant to paragraph (1), the Superintendent of Public Instruction shall determine, and notify the Director of Finance on or before August 10, 2009, that the deferral of warrants pursuant to subdivisions ~~(b) and (e)~~ (c) and (d) will result in the county office of education being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the determination specified in this section.

(3) In order for a charter school to receive payments pursuant to paragraph (1), the chartering authority shall determine, in consultation with the county superintendent of schools, and notify the Superintendent of Public Instruction and the Director of Finance on or before August 10, 2009, that the deferral of warrants pursuant to subdivisions ~~(b) and (e)~~ (c) and (d) will result in the charter school being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the determination specified in this section.

(f)



(g) Notwithstanding subdivision (a) and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Sections 84320, 84321, and 84321.5 of the Education Code that include the full amount of the apportionment payments for the month of July for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before August 10, 2009, that the deferral of warrants pursuant to subdivision (a) will present an imminent threat to the fiscal integrity and security of the community college.

(g)

(h) This section shall apply to payments in the 2009–10 fiscal year only.

SEC. 5. This act addresses the fiscal emergency declared by the Governor by proclamation on December 19, 2008, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the state may meet its financial obligations and avoid a fiscal crisis, it is necessary that this act take effect immediately.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: State finances.

(1) Existing law authorizes the Director of Finance to defer payments of General Fund moneys in July through September of 2009, in an amount not to exceed \$750,000,000, appropriated to the University of California in the Budget Act of 2009, as specified. Existing law also authorizes the director to defer payments of General Fund moneys in July 2009, in an amount not to exceed \$290,000,000, appropriated to the California State University in the Budget Act of 2009, as specified. Existing law specifies the schedule of payments for these deferred amounts.

This bill would additionally authorize the director to defer payments of General Fund moneys owed in February 2010, in an amount not to exceed \$250,000,000, appropriated to the University of California in the Budget Act of 2009. The bill also would authorize the director to defer payments of General Fund moneys owed in February 2010 in an amount not to exceed \$250,000,000, and owed in March 2010 in



an amount not to exceed \$150,000,000, appropriated to the California State University in the Budget Act of 2009, as specified. The bill would specify a schedule of payments for these deferred amounts.

(2) Existing law defers, until October 2009, the disbursement of payments of General Fund moneys for July 2009, in an amount not to exceed \$200,000,000, appropriated to the Board of Governors of the California Community Colleges for apportionments to community college districts.

This bill would additionally defer, until May 2010, the disbursement of payments of General Fund moneys for March 2010, in an amount not to exceed \$100,000,000, appropriated to the board for apportionments to community college districts.

(3) Existing law requires state excise fuel tax revenues to be deposited in various accounts and to be allocated, in part, for various purposes, including the cost of collection and authorized refunds. Existing law requires the balance of these funds remaining after authorized deductions to be transferred to, and deposited monthly in, the Highway Users Tax Account in the Transportation Tax Fund. Existing law provides for annual and monthly apportionment by the Controller of specified revenues in the Highway Users Tax Account to cities, counties, and cities and counties for the transportation purposes authorized by Article XIX of the California Constitution. Existing law, pursuant to Chapter 23 of the Fourth Extraordinary Session of the Statutes of 2009, requires transfers of those revenues from the Highway Users Tax Account to counties or cities that would otherwise be made during certain months of 2009 to instead be deferred and made after January 1, 2010.



092229011780BILL

This bill would instead provide for the apportionments for the months of July and August of 2009 to cities, counties, and cities and counties to be paid in September 2009, and apportionments for November and December of 2009 and January, February, and March of 2010 to be paid on or within 2 working days of April 28, 2010, with specified exceptions. The bill would also authorize the affected local agencies to use specified transportation bond funds and other available funds to meet certain cash obligations.

(4) Existing law provides for the State Supplementary Program for the Aged, Blind and Disabled (SSP), which requires the State Department of Social Services to contract with the United States Secretary of Health and Human Services to, on behalf of the state, make combined state and federal payments to SSP recipients to supplement Supplemental Security Income (SSI) payments made available pursuant to the federal Social Security Act.

Existing law provides that the contract with the United States Secretary of Health and Human Services requires the state to pay the secretary an amount equal to expenditures made by the secretary as supplemental payments to SSP recipients less amounts payable by the federal government.

This bill would, upon the order of the Director of Finance, require the Director of Social Services to defer the above-described payments to the federal government in February 2010, and March 2010, and, instead, make payments for those months after April 20, 2010, but no later than May 31, 2010.

(5) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor



issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.

(6) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



SEC. 542. Item 9350-104-6065 is added to Section 2.00 of the Budget Act of 2009, to read:
9350-104-6065—Local assistance-shared revenues for support of Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 700,000,000
Provisions:

1. Of the funds appropriated in this item, \$258,205,000 is for cities or a city and a county and \$441,795,000 is for counties or a city and a county.
2. The Controller shall allocate these funds on a first-come, first-served basis, following notification from the Department of Finance that the city, county, or city and county has submitted a complete plan for the expenditure of funds pursuant to Section 8879.65 of the Government Code.
3. The following conditions shall apply for cities, counties, or a city and county receiving funds:
 - (a) A city, county, or city and county shall have received its full allocation for the 2007–08 fiscal year.
 - (b) A city, county, or city and county shall have submitted information for the 2007–08 fiscal year allocation as required in subdivision (c) of Section 9979.65 of the Government Code.
 - (c) A city, county, or city and county shall agree that funds received from this item for the 2009–10 fiscal year will be used for projects that are not currently fully funded with a dedicated funding source or sources.
 - (d) A city, county, or city and county shall agree to encumber the funds in this item from the 2009–10 fiscal year allocation before July 1, 2010.
 - (e) A city, county, or city and county shall report to the Department of Finance the total balance of unencumbered funds in the cities, counties, or city and counties existing account as described in subparagraphs (A) and (C) of paragraph (2) of subdivision (i) of Section 8879.23 of the Government Code.
 - (f) A city, county, or city and county shall certify that the total balance of unobligated or unencumbered funds in the account as described in subparagraphs (A) and (C) of paragraph (2) of subdivision (i) of Section 8879.23 of the Government Code is no more than the sum balance of three months of anticipated apportionments from the Highway Users Tax Account in the Transportation Tax Fund, as described in Sections 2104, 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code, and from the Transportation Investment Fund, as described in Section 7104 of the Revenue and Taxation Code.

If a city, county, or city and county has an unobligated or unencumbered balance that exceeds the sum balance of the three months of anticipated apportionments, it shall not increase its existing unobligated or unencumbered street (Gas Tax) or road fund balance, by the time the time the next report is submitted to the Controller pursuant to Section 2151 of the Streets and Highways Code.

If a city, county, or city and county has an unobligated or unencumbered balance that is less than the sum balance of the three months of anticipated apportionments, it may permit its fund balance to grow until the unencumbered balance is no more than the sum balance of three months of anticipated apportionments from the Highway Users Tax Account in the Transportation Tax Fund and the Transportation Investment Fund.

(g) For the purposes of this item, “unobligated” and “unencumbered” mean any portion of funding that is not designated, through prior approval by the city council or county board of supervisors, for the use on the planning, review, design, or construction phase of a project currently underway at the time of the annual street or road report.

Any of the funds that are not allocated by July 1, 2010, shall revert to the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 to be appropriated in future years.