

DEPARTMENT OF TRANSPORTATION

M e m o r a n d u m**To:** CHAIR AND COMMISSIONERS**CTC Meeting:** October 27-28, 2004**Reference No.:** 3.1
Information Item**From:** CINDY MCKIM
Acting Chief Financial Officer**Prepared by:** Bimla Rhinehart
Acting Chief
Division of Budgets**Ref:** **CALTRANS MONTHLY FINANCE REPORT**

This report presents activity through the month of August 2004. The “baseline” forecast used for comparison purposes is the version presented to the California Transportation Commission (Commission) at the September 2004 meeting. The Department of Transportation (Department) intends to use the September forecast as a baseline throughout the year.

STATE HIGHWAY ACCOUNT (SHA)**Current Quarter (in millions)**

Adjusted Cash Balance	July	Aug	Sept
Forecast	\$510	\$480	\$410
Actual	\$387	\$638	
Difference	-\$123	\$158	

Fiscal Year (FY)

Year-end Balance	2003-04	2004-05	2005-06
Forecast	\$500	\$190	\$110
Actual	\$288		
Difference	-\$212		

Analysis of July-August 2004 Data:

- Federal receipts were \$180 million higher than forecast over the months of July and August because of the Department’s concerted effort to accelerate Federal reimbursements in anticipation of delays in reauthorization. September collections may also be slightly higher than forecast. Reimbursements are expected to fall by compensating amounts in the following months.
- Fuel tax collections were about 5 percent (\$20 million) less than forecast over the months of July and August. Future fuel tax collections are expected to return to forecast levels.
- Total Department expenditures (not including reimbursed work) were 1 percent (\$10 million) lower than expected over July and August.
- Reimbursement for work done for others lagged behind by about \$50 million over July and August. Work completed for our partners in transportation will be reimbursed in due course; the assumption is that this is merely an issue in the timing of billing and receipts.

FEDERAL TRUST FUND

The updated reports for Federal Fund Apportionment Status and the Obligation Authority (OA) State and Local Use are attached. The Transportation Reauthorization Act still has not been passed by Congress. As of August 31, 2004, the State was operating under the Surface Transportation Extension Act of 2004, Part IV (STEA04 part IV) 49/52nds appropriation and OA, with approximately \$380 million of OA remaining to be obligated, including both the State and Local share.

- As of August 31, 2004, total Advance Construction (AC) including Grant Anticipation Revenue Vehicles (GARVEE bonds), Toll Bridge Seismic Retrofit, Local Assistance and Emergency Relief was \$4.5 billion.

PUBLIC TRANSPORTATION ACCOUNT (PTA)

PTA information is based on preliminary data at this time.

Current Quarter (in millions)				Fiscal Year (FY)			
Adjusted Cash Balance	July	Aug	Sept	Year-end Balance	2003-04	2004-05	2005-06
Forecast	\$130	\$170	\$170	Forecast	\$70	\$60	\$130
Actual	\$183	\$176		Actual	\$143		
Difference	\$53	\$6		Difference	\$73		

This forecast differs from the one reported for the September Commission meeting. The revised forecast uses the "Adjusted Cash Balance," and includes the estimated cash advanced to the Transportation Revolving Account (TRA) for payment of invoices and is consistent with the forecasts used for other funds.

Analysis of July-August 2004 Data:

- Revenue for the PTA was 32 percent (\$19 million) lower than forecast.
- Expenditures for July and August were 78 percent (\$21 million) less than anticipated.

TRAFFIC CONGESTION RELIEF FUND (TCRF)

Current Quarter (in millions)				Fiscal Year (FY)			
Adjusted Cash Balance	July	Aug	Sep	Year-end Balance	2003-04	2004-05	2005-06
Forecast	\$130	\$110	\$60	Forecast	\$184	\$30	\$1830
Actual	\$164	\$189		Actual	\$175		
Difference	\$34	\$79		Difference	-\$9		

Analysis of July-August 2004 Data:

- Expenditures were 70 percent (\$41 million) lower than forecast.
- A loan repayment of \$20 from the SHA had not been projected.
- The Transportation Revolving Account (TRA) cash advance for July was \$20 million higher than expected.

TOLL BRIDGE SEISMIC RETROFIT ACCOUNT (TBSRA)

<u>Current Quarter (in millions)</u>				<u>Fiscal Year (FY)</u>			
<u>Adjusted Cash Balance</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Year-end Balance</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Forecast	\$590	\$530	\$520	Forecast	\$640	\$460	N/A
Actual	\$568	\$523		Actual	568		
Difference	-\$22	-\$7		Difference	-\$72		

As presented at the September Commission Meeting, the estimated total cost of the Toll Bridge Seismic Program increased. The Governor, the Legislature, and local agencies are working on several proposed methods of funding the new estimated cost. A new forecast based on the final decision will be presented after agreement is reached.

Analysis of July-August 2004 Data:**Revenue**

- As of September 1, 2003, this fund no longer receives toll revenue. Revenue from the seismic surcharge (\$1 per vehicle toll) is committed to repay the bonds sold in August 2003, and any future financing mechanisms.

Expenditures

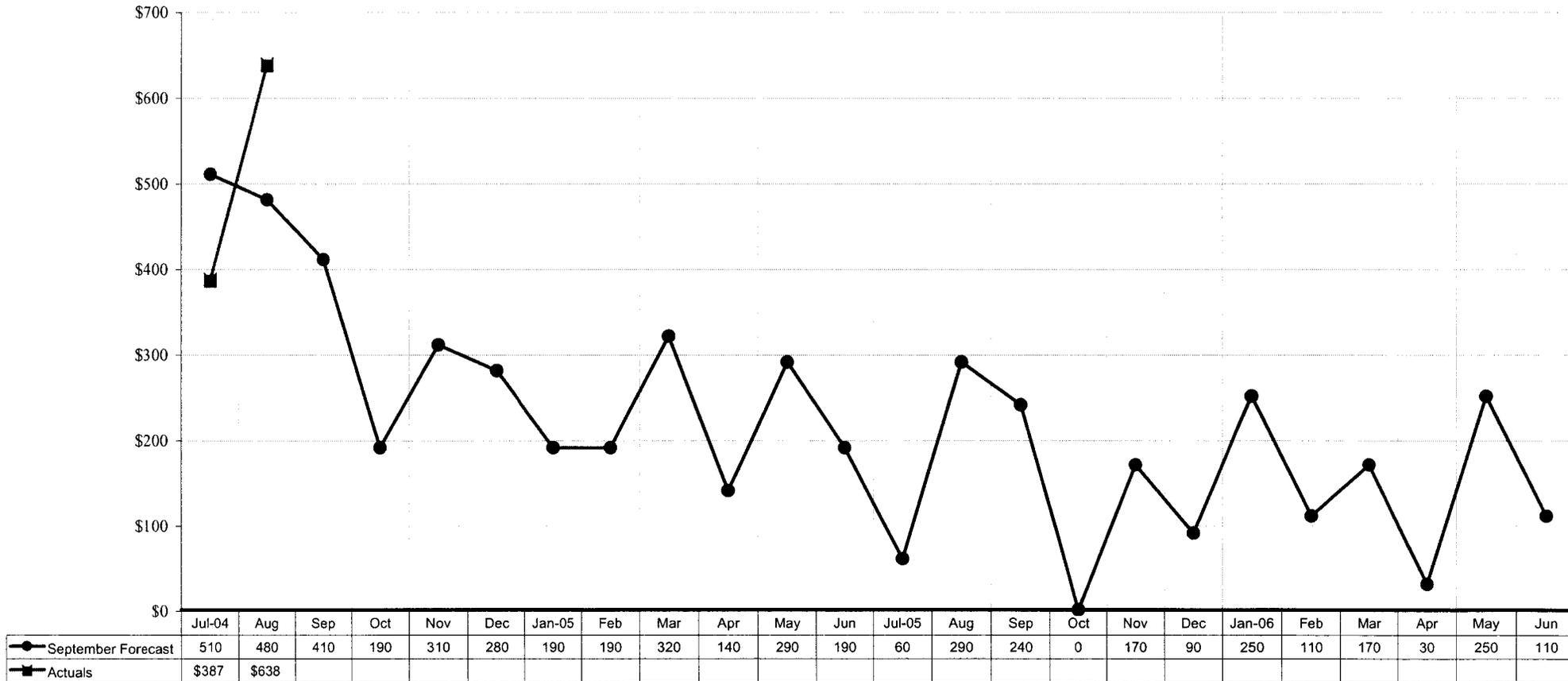
- Although June expenditures were much higher than forecast, the expenditures in the intervening months have slowed as predicted. The cash balance is \$7 million lower than projected for the end of August.

TRANSPORTATION INVESTMENT FUND (TIF)

- No net TIF activity occurred in July or August 2004.

Attachments

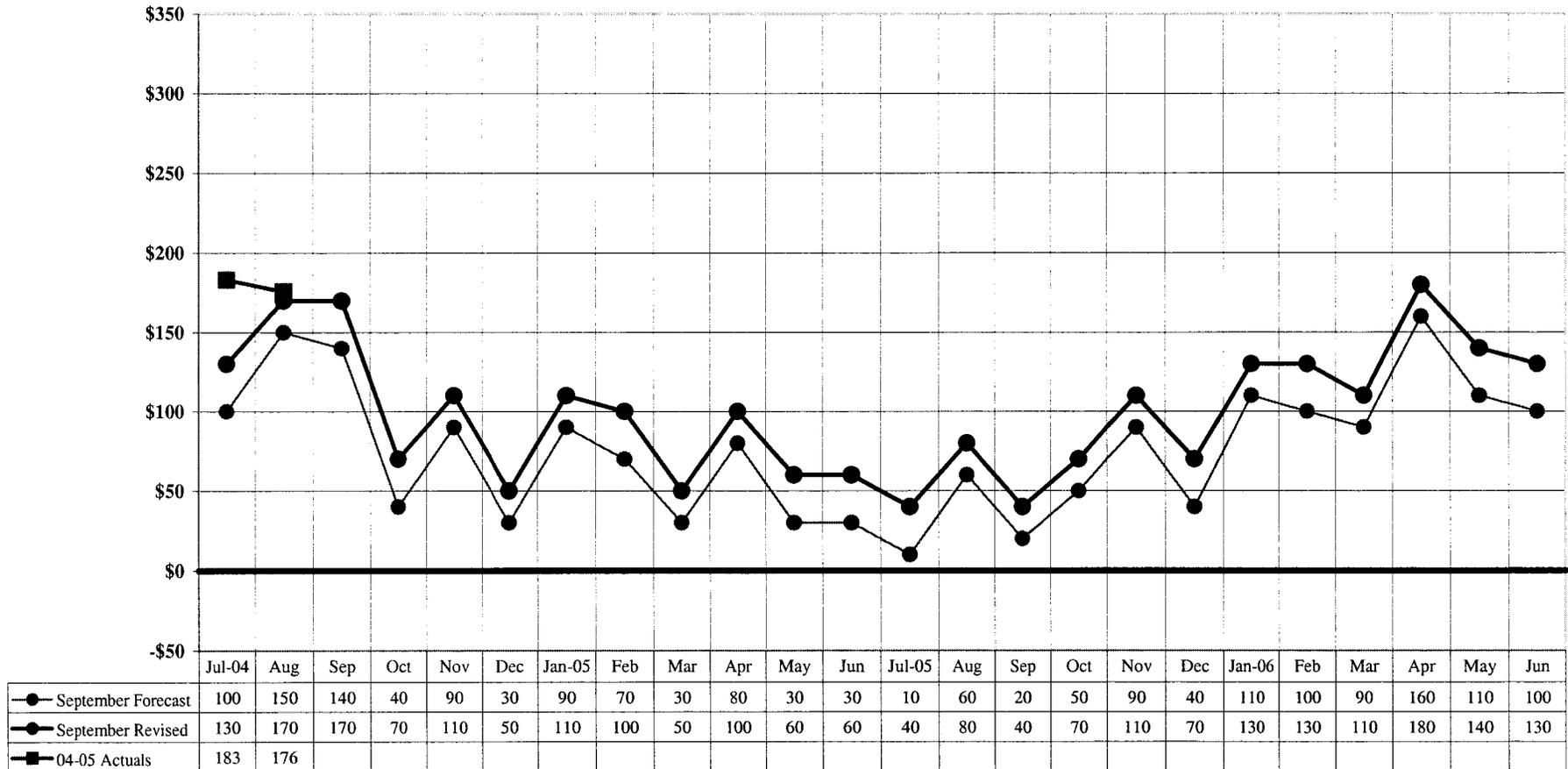
STATE HIGHWAY ACCOUNT CASH FORECAST
(\$ in millions)



FY 2004-05 Forecast Assumptions:

- ▶ Monthly cash balances for the Fund Estimate are averaged based on beginning and ending cash balances.
- ▶ Assumes support expenditures as approved in the FY 2004-05 Budget Act.
- ▶ \$20 million payback from TCRF.
- ▶ Allocation of \$504 million in FY 2004-05.
- ▶ Assumes no allocations beyond FY 2004-05.
- ▶ Assumes Federal collection numbers as presented to the Commission in the May 2004 forecast.
- ▶ Does not assume early loan payback from the renegotiation of tribal gaming compacts.

24-MONTH PUBLIC TRANSPORTATION ACCOUNT CASH FORECAST
(\$ in millions)



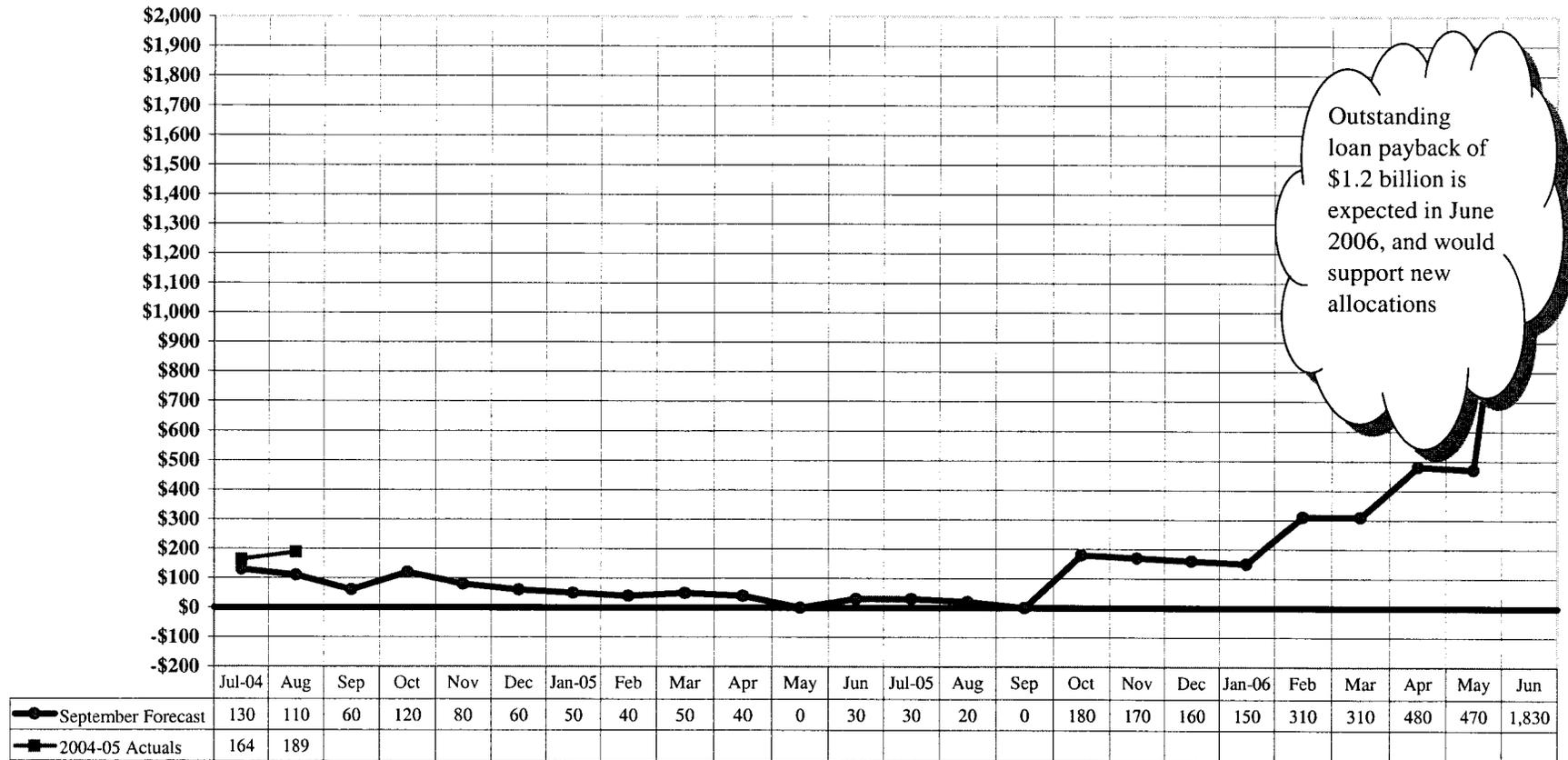
FY 2004-05 Forecast Assumptions:

- ▶ Revenue estimates updated to reflect the 2004-05 Governor’s Budget.
- ▶ No transfer of Non-Article XIX funds from the SHA.
- ▶ Suspension of TIF transfer in FY 2004-05.
- ▶ Assumes TIF Transfer occurs in FY 2005-06.

Assumption Change from September Preliminary Forecast:

- ▶ Estimated cash advanced to the TRA for payment of invoices included in new forecast.

24-MONTH TRAFFIC CONGESTION RELIEF FUND FORECAST
(\$ in millions)



Outstanding loan payback of \$1.2 billion is expected in June 2006, and would support new allocations

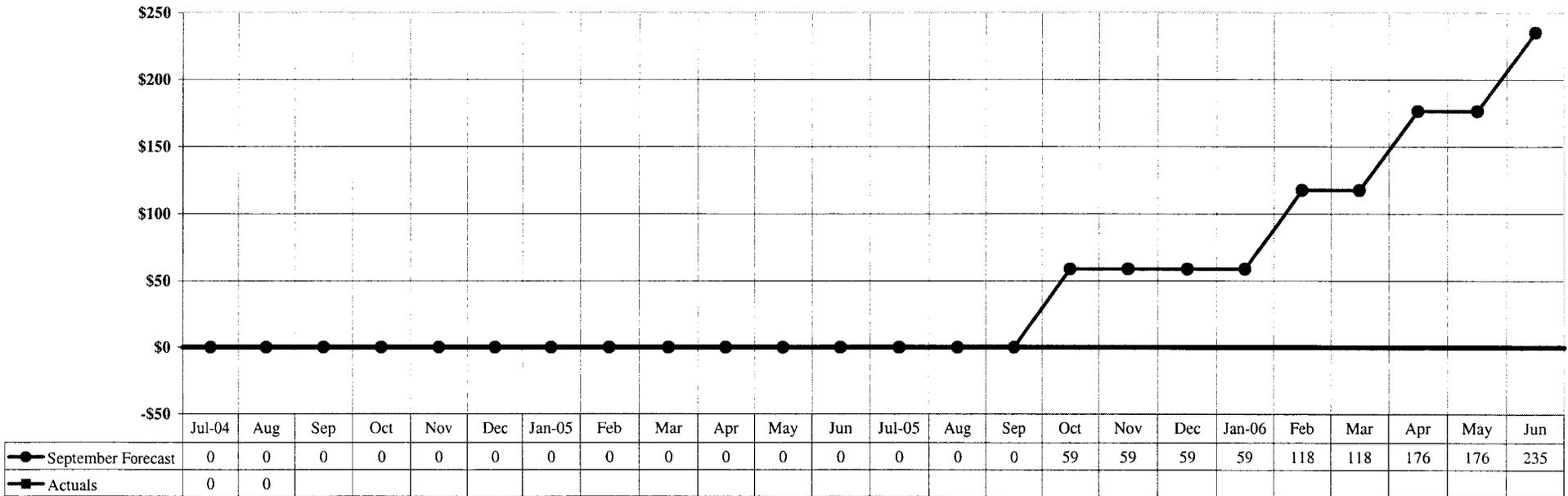
FY 2004-05 Forecast Assumptions:

- ▶ No new allocations in FY 2004-05 or FY 2005-06.
- ▶ Suspension of TIF transfer in FY 2004-05.

Assumption Change from June Preliminary Forecast:

- ▶ General Fund transfer of \$43 million in September 2004.
- ▶ General Fund transfer of \$140 million in spillover revenue to occur in FY 2004-05.
- ▶ TIF transfer of \$678 million to occur quarterly in 2006.
- ▶ Loan repayment from General Fund of \$1.2 billion to occur June 2006.
- ▶ Expenditure levels are based on latest information from TCRP staff and local agencies.

24-MONTH TRANSPORTATION INVESTMENT FUND FORECAST
(\$ in millions)



FY 2004-05 Forecast Assumption

- ▶ Suspension of TIF Transfers in FY 2004-05.
- ▶ FY 2005-06 transfers from General Fund of \$949.4 million.
- ▶ FY 2005-06 transfers to PTA, TCRF and local agencies of \$773 million.

STATE HIGHWAY ACCOUNT
Adjusted Cash Balance as of August 31, 2004
(\$ in millions)

	2004	
	JULY	AUG
Beginning Cash Balance (SHA & TRA)	\$471	\$422
Add: Receipts for Month	459	878
Less: Disbursements for Month	(507)	(689)
Ending Cash Balance	\$422	\$611
Cash Reconciliation (Short-term loans and Transfers)		
Add: General Fund Short Term Loan	\$170	\$231
Less: TRA Balance from Other Funds	(91)	(110)
Less: TCRF Short Term Loan	(114)	(94)
Less: PTA Short Term Loan	0	0
Adjusted SHA Cash Balance*	\$387	\$638
Current Commitments Against Cash:**		
State Operations	\$272	\$397
Local Assistance	88	118
Capital Outlay Contracts:		
Awarded	1,218	1,218
Advertised but not Awarded	290	260
Allocated but not Advertised	91	202
Total Commitments	\$1,959	\$2,195
Available Cash Balance	-\$1,572	-\$1,557

* The Department's cash forecast is based on the adjusted SHA cash balance.

** This section represents an estimate of all of the unpaid contractual and pending commitments against the SHA and Federal Funds:

State Operations represents the encumbered balance of State Operations.

Local Assistance represents the encumbered balance of Local Assistance projects.

Awarded Capital Outlay Contracts represents the remaining balance of all awarded SHA/Federal contracts.

Advertised but not Awarded Contracts are projects that have been allocated and advertised, but not yet awarded.

Allocated but not Advertised Contracts are projects that have been allocated, but have not been advertised.

PUBLIC TRANSPORTATION ACCOUNT
Adjusted Cash Balance as of August 31, 2004
(\$ in millions)

	2004	
	JUL	AUG
Beginning Cash Balance, per State Controller's Office	\$118	\$158
Add: Receipts for Month	40	0
Add: Short Term Loan Repayment from SHA	0	0
Less: Disbursements for Month	0	(7)
Ending Cash Balance	<u>\$158</u>	<u>\$151</u>
 Cash Reconciliation:		
Add: Short Term Loan to SHA		
Add: TRA Cash Advance	\$25	\$25
Adjusted PTA Cash Balance*	<u>\$183</u>	<u>\$176</u>
 Current Commitments Against Cash:**		
State Operations	\$26	\$26
Local Assistance	10	10
Capital Outlay		
Yolo Causeway Project	9	9
Pittsburg - Antioch Project	29	29
La Mirada - Basta Project	21	21
Miscellaneous Capital Outlay Projects	18	18
Total Commitments	<u>\$113</u>	<u>\$113</u>
 Available Cash Balance	 \$70	 \$63

* The Department's cash forecast is based on the adjusted PTA cash balance.

**The commitments shown for July and August are estimates, pending updated information from the Department's accounting office.

TRAFFIC CONGESTION RELIEF FUND
Adjusted Cash Balance as of August 31, 2004
(\$ in millions)

	2004	
	<u>JULY</u>	<u>AUG</u>
Beginning Cash Balance, per State Controller's Office	\$36	\$7
Add: Receipts for Month	0	20
Less: Disbursements for Month	<u>(30)</u>	<u>0</u>
Ending Cash Balance	\$7	\$27
 Cash Reconciliation:		
Add: SHA Short Term Loan	\$114	\$114
Add: TRA Cash Advance	<u>43</u>	<u>48</u>
Adjusted TCRF Cash Balance*	\$164	\$189

* The Department's cash forecast is based on the adjusted TCRF cash balance.

TRANSPORTATION INVESTMENT FUND
Adjusted Cash Balance as of August 31, 2004
(\$ in millions)

	2004	
	JULY	AUG
Beginning Cash Balance, per the State Controller's Office	\$0	\$0
Add: Receipts for Month	0	0
Less: Disbursements for Month	0	0
Ending Cash Balance	\$0	\$0

STATUS OF SEISMIC RETROFIT PROGRAM

PHASE I (\$ in millions)	
TOTAL	
Estimated Capital Cost	\$815.0
Major Projects Funded To Date	\$843.8
Minor Projects Funded To Date	\$4.6
Total Capital Costs Funded To Date	\$848.4

PHASE II (\$ in millions)			
	SHA FEDERAL MDL*	SEISMIC BOND FUND	TOTAL
Total Estimated Cost - Support and Capital			\$1,350.0
Major Projects Funded To Date	\$63.0	\$770.4	\$833.4
Minor Projects Funded To Date	\$3.1	\$8.8	\$11.9
Right of Way Capital Costs To Date		\$18.8**	\$18.8
Support Costs Funded	\$103.0	\$256.8***	\$359.8
Prop 192 Reimbursement	(\$99.8)	\$99.8	\$0.0
Total Funded To Date	\$69.3	\$1,154.6	\$1,223.9

* Multi-District Litigation funds received through Petroleum Products Antitrust Litigation agreement, August 12 1992.

** Does not include \$81.2 million allocated for the Pooled Money Investment Account loan interest expenses as these costs are usually offset by the interest earned by the Surplus Money Investment Fund.

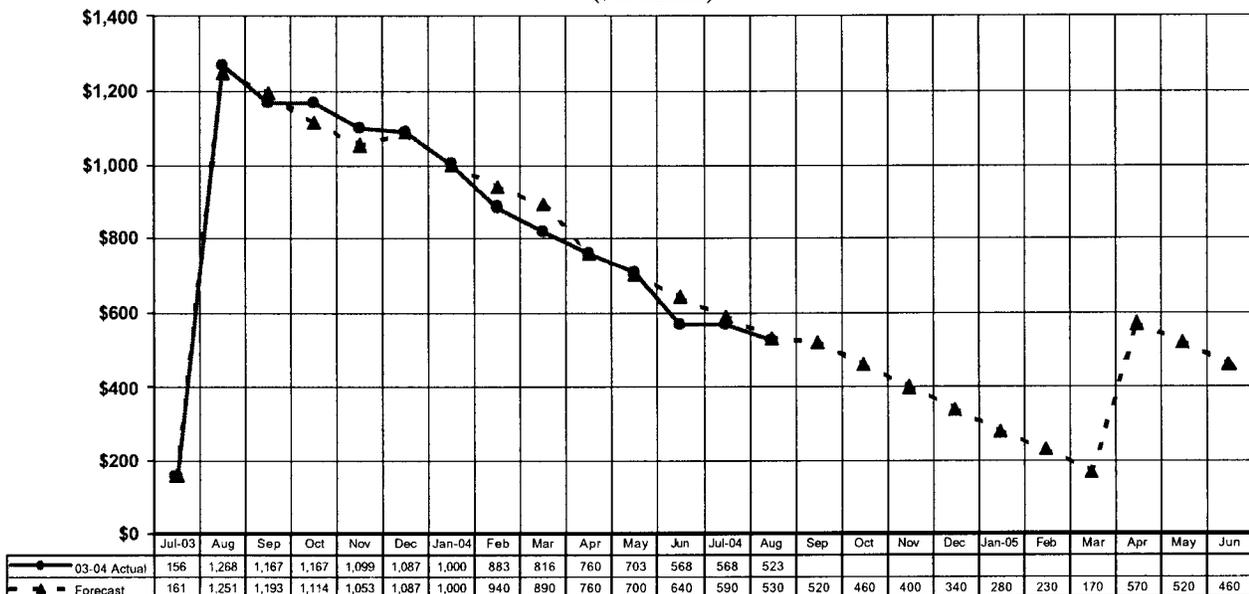
*** Indicates actual expenditures/encumbrances. (Other amounts are allocations.)

TOLL BRIDGE SEISMIC RETROFIT (\$ in millions)					
	SHA TOLL MDL⁽¹⁾	SEISMIC BOND FUND	TBSR ACCT	HBRR⁽²⁾ FUNDS (Federal)	TOTAL
Total Estimated Cost - Support and Capital					\$4,637.0
Major Projects Funded To Date	\$22.2	\$649.3	\$2,417.4	\$627.5	\$3,716.4
Minor Projects Funded To Date					
Right of Way Capital Costs To Date		\$24.2	\$57.3		\$81.5
Support Costs Funded	\$66.2	\$106.0	\$562.8 ⁽³⁾		\$735.0
Prop 192 Reimbursement	-\$9.5	\$9.5			\$0.0
Total Funded To Date	\$78.9	\$789.0	\$3,037.5	\$627.5	\$4,432.9

Total Estimated Cost increased to \$4,637.0 million per Assembly Bill 1171 (Chapter 907, Statutes of 2001).

- (1) Multi-District Litigation funds received through Petroleum Products Antitrust Litigation agreement, August 12 1992.
- (2) Federal Highway Bridge Replacement and Rehabilitation, as authorized by AB 1171.
- (3) Indicates actual expenditures/encumbrances (other amounts are allocations).

24-MONTH TOLL BRIDGE SEISMIC RETROFIT ACCOUNT CASH FORECAST
(\$ in millions)



Account balance does not include debt service reserve and administrative sub-funds.

Changes from previous forecast:
No Changes at this time.

ADVANCE CONSTRUCTION (AC)
as of August 31, 2004
(\$ in millions)

Major Fund Categories (will use state OA to convert)

INTERSTATE MAINTENANCE	\$	677
NATIONAL HIGHWAY SYSTEM	\$	1,143
MINIMUM GUARANTEE		N/A
CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT		-
BRIDGE PROGRAM FUNDS	\$	57
SURFACE TRANSPORTATION PROGRAM (1)	\$	1,019
SURFACE TRANSPORTATION ENHANCEMENT	\$	35
MISCELLANEOUS (2)	\$	137
METROPOLITIAN PLANNING		N/A
STATE PLANNING AND RESEARCH FUNDS (SPR)	\$	39
Sub Total	\$	3,107

Emergency Relief Projects (ER funds come with their own OA)

ER (STP funds)	\$	73
Sub Total		73

Special Projects (will use state OA to convert but will not add to the SHA balance)

TBSR Projects (HBRR Funds)	\$	394
GARVEE Projects	\$	808
Sub total	\$	1,202

Local AC (will use local OA to convert)

LOCAL (3)	\$	76
OA - includes formula limitation, minimum Guarantee Special and Exempt.		

Statewide Total AC Balance		\$ 4,458
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(1) State STP Only

(2) Includes: Interstate Construction, Statewide Infrastructure Bank, Combined Road Plan etc.

(3) Local AC projects include different federal fund categories (RSTP, CMAQ, HBRR, HES,...)

OBLIGATION AUTHORITY (OA) ⁽¹⁾
STATE /LOCAL USE

(\$ in millions)

FFY 2004 as of August 31, 2004 ⁽²⁾

	<u>STATE</u>	<u>LOCAL</u>	<u>TOTAL</u>
2004 OBLIGATION AUTHORITY	\$ 1,664	\$ 913	\$ 2,577
PAYBACK FOR 2003	\$ (199)	\$ 199	\$ -
ADJUSTMENTS ⁽³⁾	\$ 151	\$ (153)	\$ (2)
FTA TRANSFERS	\$ 46	\$ 319	\$ 365
CUMULATIVE OBLIGATIONS ⁽⁴⁾	<u>\$ 1,304</u>	<u>\$ 526</u>	<u>\$ 1,830</u>
REMAINING OA	\$ 266	\$ 114	\$ 380

NOTE: REMAINING LOCAL OA INCLUDES \$199 MILLION OF PAYBACK FROM STATE

FFY 2003

	<u>STATE</u>	<u>LOCAL</u>	<u>TOTAL</u>
OBLIGATION AUTHORITY	\$ 1,603	\$ 904	\$ 2,507
OA USE ⁽⁵⁾	<u>\$ 1,802</u>	<u>\$ 705</u>	<u>\$ 2,507</u>
REMAINING OA	\$ (199)	\$ 199	\$ -

NOTE: AS OF SEPTEMBER 30, 2003, THE STATE HAS USED \$199 MILLION OF LOCAL OA.

FFY 2002

	<u>STATE</u>	<u>LOCAL</u>	<u>TOTAL</u>
OBLIGATION AUTHORITY	\$ 1,621	\$ 855	\$ 2,476
OA USE	<u>\$ 1,622</u>	<u>\$ 854</u>	<u>\$ 2,476</u>
REMAINING OA	\$ (1)	\$ 1	\$ 0

NOTE: YEAR END ADJUSTMENT TO MAXIMIZE USE OF OA

FFY - Federal Fiscal Year (ending October)

⁽¹⁾ OA includes formula limitation, Section 163 Motor Veh/Intox, minimum Guarantee Special and Exempt.⁽²⁾ As of August 31, 2004, the State was operating under STEA04, part IV, 49/52nds appn and OA.⁽³⁾ Adjustments include Local Exchange, Safe Routes To Schools, Local Cash Management, and prior year adjustments⁽⁴⁾ Cumulative Obligations include formula, minimum guarantee, and special allocated limitation.⁽⁵⁾ OA Use include Cumulative Obligations, Adjustments and FTA Transfers.

FEDERAL FUND - APPORTIONMENT STATUS

(\$ in millions)

MAJOR FUND CATEGORY

	<u>FFY-2002</u>		<u>FFY-2003</u>		<u>FFY-2004</u> <u>(as of August 31, 2004)</u>	
	<u>Apportionment</u>	<u>Obligations (1)</u>	<u>Apportionment</u>	<u>Obligations (1)</u>	<u>Apportionment</u>	<u>Obligations (1)</u>
INTERSTATE MAINTENANCE	\$ 209	\$ 273	\$ 223	\$ 216	\$ 328	\$ 160
NATIONAL HIGHWAY SYSTEM	\$ 281	\$ 455	\$ 372	\$ 456	\$ 476	\$ 337
MINIMUM GUARANTEE (2)	\$ 196	\$ 186	\$ 210	\$ 218	\$ 158	\$ 101
CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT	\$ 372	\$ 323	\$ 332	\$ 284	\$ 318	\$ 262
BRIDGE PROGRAM FUNDS	\$ 316	\$ 189	\$ 301	\$ 325	\$ 288	\$ 78
SURFACE TRANSPORTATION PROGRAM	\$ 1,105	\$ 865	\$ 789	\$ 861	\$ 553	\$ 508
SURFACE TRANSPORTATION ENHANCEMENT	\$ 68	\$ 72	\$ 61	\$ 37	\$ 58	\$ 46
MISCELLANEOUS (3)	\$ 3	\$ 21	\$ 16	\$ 71	\$ 4	\$ 3
METROPOLITIAN PLANNING	\$ 30	\$ 30	\$ 29	\$ 29	\$ 27	\$ 27
STATE PLANNING AND RESEARCH FUNDS (SPR)	\$ 52	\$ 61	\$ 47	\$ 9	\$ 44	\$ 38
TOTAL	\$ 2,633	\$ 2,476	\$ 2,380	\$ 2,507	\$ 2,254	\$ 1,560
AVAILABLE FEDERAL OA		\$ 2,476		\$ 2,507		\$ 2,059
AVAILABLE FEDERAL OA REMAINING		\$ 0		\$ 0		\$ 499

NOTES

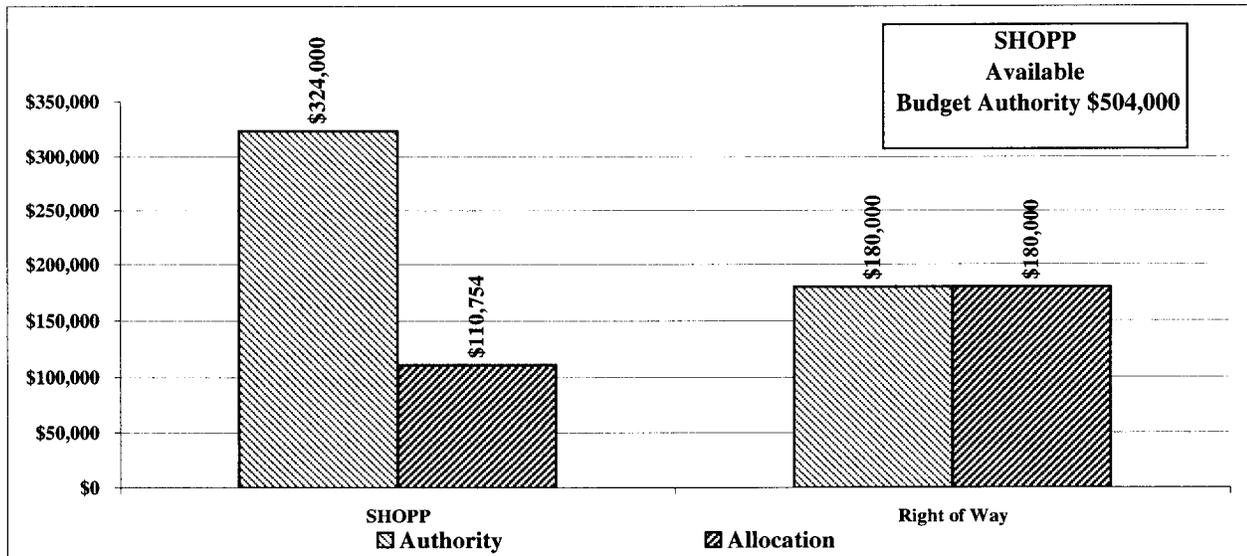
(1) Includes FTA transfers.

(2) Combines Special and Exempt funding.

(3) Includes Recreational Trails, redistribution of certain authorized funds, Motor Vehicles by Intoxicated Persons and various PRE-ISTEA fund types.

OA - includes formula limitation, minimum Guarantee Special and Exempt.

FY 2004-05 SHOPP BUDGETARY ANALYSIS REPORT
as of August 31, 2004
(\$ in thousands)



Objective: To monitor and report the availability of FY 2004-05 Budget Authority and determine the overall capacity for meeting the current programmatic commitments.

Measure: The authorized levels are consistent with the enacted FY 2004-05 Budget and Commission approved adjustments necessary to conform to the FY 2004-05 SHOPP Allocation Plan. Allocations represent Commission votes, emergency project funding (G-11) and projects processed under the Department's delegated authority. The established reserve is intended to fund project specific budget adjustments pursuant to Resolution G-12, as amended by G-02-12.

Result: Currently there is insufficient Budget Authority to fully fund the FY 2004-05 SHOPP Allocation Plan. Due to the constrained nature of the current budget, non-SHOPP allocations will reduce the Department's ability to fully fund the FY 2004-05 SHOPP Allocation Plan.

- Analysis:**
- The current funding capacity for the FY 2004-05 State Highway Operations Protection Plan (SHOPP) Allocation Plan is \$504 million. This represents the portion of the allocation available for the first six months of the fiscal year due to budgetary constraints. The Right of Way allocation of \$180 million reduces SHOPP to \$324 million.
 - To date, there has been a total of 43 SHOPP projects voted, totaling \$110.7 million. Of the 43 projects voted, none have been awarded. The average time from project vote to award is approximately 90 days. Since the current fiscal year began approximately 60 days ago, all projects fall within the accepted norm.
 - Of the total amount allocated, \$0 has been expended. The reported expenditure level is consistent with current projections.