

## Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: April 26-27, 2006

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Information Item

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Ref: **CALTRANS MONTHLY FINANCE REPORT**

This report represents activity for the month ending January 31, 2006. The “baseline” forecast used for comparison purposes is the cash forecast presented to the California Transportation Commission (Commission) at the November 2005 meeting.

### **PURPOSE**

The purpose of the cash forecast is to estimate and monitor the balance of the following funds: the State Highway Account (SHA), Public Transportation Account (PTA), Traffic Congestion Relief Fund (TCRF), and Transportation Investment Fund (TIF). Cash forecasts allow the Department of Transportation (Department) to determine the level of allocations that can be authorized and to prepare for low or high cash periods. Each month, reported actuals are compared to the forecast. If actuals begin to differ from the forecast, the Department will evaluate the cause and adjust the forecast methodology, if necessary.

### **JANUARY 2006 HIGHLIGHTS**

With the exception of the SHA, which will be explained in detail, all of the forecasts are relatively on target and no changes to the allocation plan are recommended at this time.

<b>January 2006 Ending Cash Balance</b>			
<b>Actual vs. Projected</b>			
	<b>Forecast</b>	<b>Actual</b>	<b>Difference</b>
SHA	\$920	\$505	-\$415
PTA	\$260	\$246	-\$14
TCRF	\$270	\$236	-\$34
TIF	\$160	\$79	-\$81

**FISCAL YEAR (FY) 2005-06 ALLOCATION PLAN**

The following chart shows the progress toward meeting the FY 2005-06 Allocation Plan. The funding capacity for all funds was originally \$4.304 billion. At the March 15-16, 2006 Commission meeting, an additional \$477 million in STIP allocations from TIF and \$535 million in TCRP from TCRF was approved bringing the new capacity to \$5.316 billion.

Allocations represent Commission votes, emergency project funding (G-11), and projects processed under delegated authority. As approved by the Commission, a supplemental fund allowance of \$300 million has been included as a separate line in the plan. The \$300 million in supplemental allowance has been nearly exhausted.

	SHOPP	STIP	TCRP	Subtotal	Tribal Gaming	Total
<b><u>ORIGINAL ALLOCATION PLAN</u></b>						
State Highway Account (SHA)	\$1,800	\$501	\$0	\$2,301	\$450	\$2,751
Public Transportation Account (PTA)	0	115	0	115	120	235
Traffic Congestion Relief Fund (TCRF)	0	0	678	678	290	968
Transportation Investment Fund (TIF)	0	350	0	350	0	350
<b>Subtotal, Original Allocation Plan</b>	<b>\$1,800</b>	<b>\$966</b>	<b>\$678</b>	<b>\$3,444</b>	<b>\$860</b>	<b>\$4,304</b>
<b><u>ADVANCE ALLOCATION PLAN</u></b>						
TCRF	\$0	\$0	\$535	\$535	\$0	\$535
TIF	0	477	0	477	0	477
<b>Subtotal, Advance Allocation Plan</b>	<b>\$0</b>	<b>\$477</b>	<b>\$535</b>	<b>\$1,012</b>	<b>\$0</b>	<b>\$1,012</b>
<b>Total, Allocation Plan</b>	<b>\$1,800</b>	<b>\$1,443</b>	<b>\$1,213</b>	<b>\$4,456</b>	<b>\$860</b>	<b>\$5,316</b>
<b><u>ALLOCATIONS</u></b>						
TCRF Reserve	\$0	\$0	\$79	\$79	\$0	\$79
July-March CTC Allocation	1,570	872	599	3,041	0	3,041
Rescinded Projects	-20	0	0	-20	0	-20
<b>Subtotal of New Allocations</b>	<b>\$1,550</b>	<b>\$872</b>	<b>\$678</b>	<b>\$3,100</b>	<b>\$0</b>	<b>\$3,100</b>
<b>Remaining Unallocated</b>	<b>\$250</b>	<b>\$571</b>	<b>\$535</b>	<b>\$1,356</b>	<b>\$860</b>	<b>\$2,216</b>
<b><u>\$300 Million Supplemental Allowance</u></b>						
July - March Supplementals Approved by CTC	122	126	0	248	0	248
July - March G-12 Supplementals	13	3	0	16	0	16
<b>Subtotal Supplemental</b>	<b>\$135</b>	<b>\$129</b>	<b>\$0</b>	<b>\$264</b>	<b>\$0</b>	<b>\$264</b>
<b>Remaining Supplemental Allowance</b>	<b>\$12</b>	<b>\$24</b>	<b>\$0</b>	<b>\$36</b>	<b>\$0</b>	<b>\$36</b>
<b>Grand Total Allocations and Supplemental</b>	<b>\$1,685</b>	<b>\$1,001</b>	<b>\$678</b>	<b>\$3,364</b>	<b>\$0</b>	<b>\$3,364</b>

**FUNDS DISCUSSION*****State Highway Account***

The SHA ending cash balance was \$505 million, or \$415 million (45 percent) below forecast. It is expected that the low cash balance will be temporary and should not impact the Commission's allocation plan.

The large decrease in cash can be attributed to three issues that make up most of the difference:

- A transfer of \$207 million to the Toll Bridge Seismic Retrofit Account (TBSRA) occurred in January 2006. This transfer was originally forecast to occur quarterly, however, the Department requested that all remaining quarterly transfers be made in January 2006 to ensure that the Department would be able to meet its obligations per AB 144. The effect of this one-time transfer will diminish over time, as there will be no additional transfers in the future as previously forecasted.
- Certain state operations expenditures totaling \$112 million were not recorded in December 2005 and were subsequently recorded in January 2006. This was a one-time anomaly caused by an accounting issue.
- Federal revenue has been consistently below forecast for the fiscal year. The late receipt of Obligation Authority (OA) information has created a lag in requesting project reimbursement. Federal reimbursement OA receipts will begin to materialize as OA data has been received and reimbursement requests are in process.

Additional detail of SHA revenues and expenditure activity is discussed below.

- State revenue sources were slightly higher in January 2006 but are on track with the forecast for the year-to-date.
- State operations expenditures were slightly higher for the month of January 2006. Year-to-date state operations expenditures are 14 percent above forecast.
- Capital outlay expenditures were above forecast. Capital outlay expenditures have fluctuated above and below forecast slightly since the beginning of the fiscal year but, in total, are relatively on track with the forecast.

***Federal Trust Fund***

The Department received notification of Federal FY 2005-06 OA on December 28, 2005. Approximately \$2.4 billion of OA remained unobligated as of January 31, 2006. The Department expects to fully utilize all of the 2006 OA by the end of the federal fiscal year. Total Advance Construction, including Grant Anticipation Revenue Vehicles (GARVEE), Toll Bridge Seismic Retrofit Program, Local Assistance, and Emergency Relief, was \$4.3 billion.

***GARVEE Projects Expenditure Report***

All GARVEE projects have been awarded at a total value of \$658 million. Expenditures through January 31, 2006 total \$255 million, 7 percent below the forecast amount of \$275 million. Total interest earned on the balance is \$24 million. Total interest paid is \$51 million, at an interest rate of 3.03 percent.

The chart below compares each GARVEE project expenditure to date against the forecast to date.

	<b>Forecast</b>	<b>Actual</b>	<b>Difference</b>	<b>% Difference</b>
I-880/Coleman Interchange	\$53,436	\$38,677	-\$14,759	-27.62%
I-15 Managed Lanes	64,120	57,888	-6,232	-9.72%
60-91-215 Interchange	94,000	95,815	1,815	1.93%
SR-87 North	16,521	17,130	609	3.69%
SR-87 South	20,132	12,676	-7,456	-37.04%
I-5 HOV Lanes	10,335	11,383	1,048	10.14%
I-405 Auxiliary Lane	2,409	10,483	8,074	335.22%
I-405/Hwy. 101 Gap Closure	13,553	11,306	-2,247	-16.58%
<b>Total</b>	<b>\$274,506</b>	<b>\$255,358</b>	<b>-\$19,148</b>	<b>-6.98%</b>

Attachment 5 displays forecast and actual GARVEE activity for Fiscal Years 2005-06 and 2006-07. Attachment 5 reflects the impact of a slow start but shows actuals are now in line with the forecast.

***Public Transportation Account***

The ending cash balance for January 2006 was \$246 million, \$14 million (6 percent) below the forecast amount of \$260 million. The lower than expected ending balance is due to higher than forecasted transfers. The transfer to TBSRA was forecast at \$30 million, per the original adopted transfer schedule. However, the forecast amount was revised to \$80 million at the September 2005 meeting. The full amount was transferred in January 2006.

***Traffic Congestion Relief Fund***

The ending cash balance for January 2006 was \$236 million, which was \$34 million (13 percent) below the forecast amount of \$270 million. Expenditures for the month were higher than forecast due to Commission approval of a Letter of No Prejudice in the amount of \$98 million that occurred in January 2006 but was forecast to occur in December 2005.

***Transportation Investment Fund***

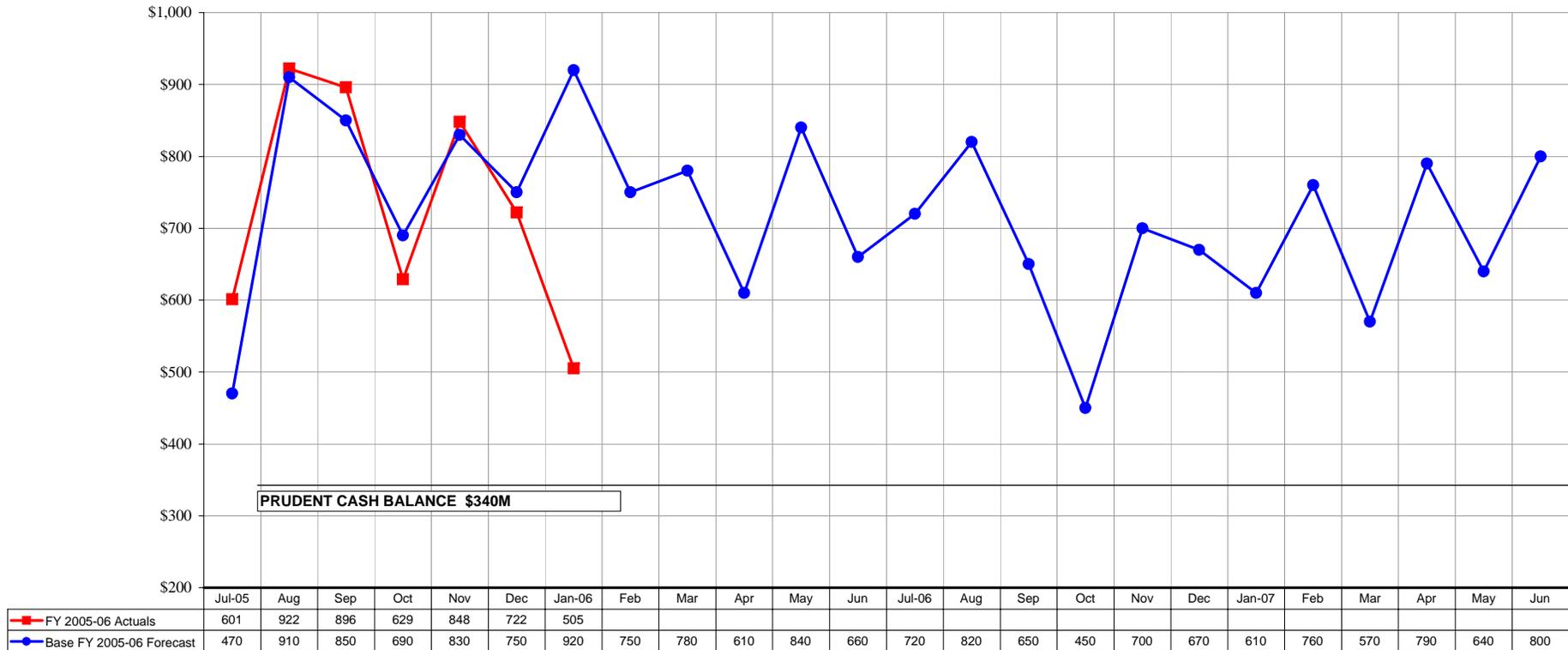
The adjusted ending cash balance for January 2006 was \$79 million, \$81 million below the forecast. As discussed in prior reports, the difference is primarily due to a calculation error that incorrectly over-estimated TIF revenue for the first quarter. This will have no impact on the allocation plan, which is based on the annual estimated TIF revenue. The forecast will be updated in the next cash forecast revision.

The second quarter Retail Sales and Use Tax transfer from the General Fund was \$344 million, \$15 million higher than forecast. As specified by statute, a total of \$253 million was transferred to local agencies, the PTA and the TCRF in January 2006.

There was no expenditure activity in January 2006, although \$3 million in expenditures were forecast.

### 24-Month State Highway Account (SHA) Cash Forecast

(\$ in millions)



**Base FY 2005-06 Forecast Assumptions:**

- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ Does not assume tribal gaming revenue.
- ▶ Assumes FY 2005-06 non-capital outlay support expenditures at the level included in the 2005-06 Budget Act. Future years are escalated at a rate of 3.1 percent, as applied in the 2006 Fund Estimate.
- ▶ Assumes Bargaining Unit 9 salary increases.
- ▶ Prudent Cash Balance increased to \$340 million in FY 2005-06, per 2006 Fund Estimate.

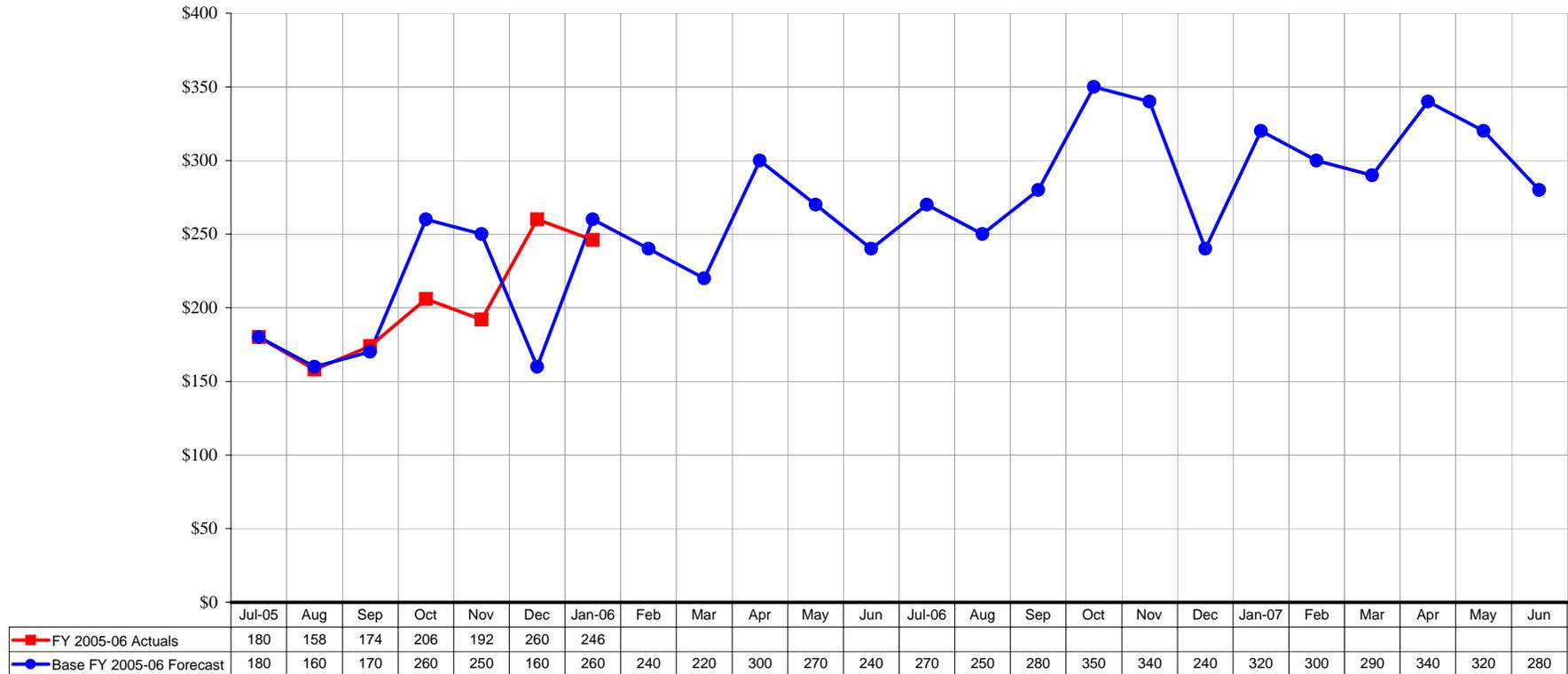
**Differences from 2006 Fund Estimate:**

- ▶ Assumes miscellaneous revenue and expenditures assumptions for Items in Transit and Transportation Revolving Account.

**Allocation Assumptions:**

- ▶ Assumes \$2.3 billion in allocations for FY 2005-06 and \$2.2 billion in FY 2006-07.

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



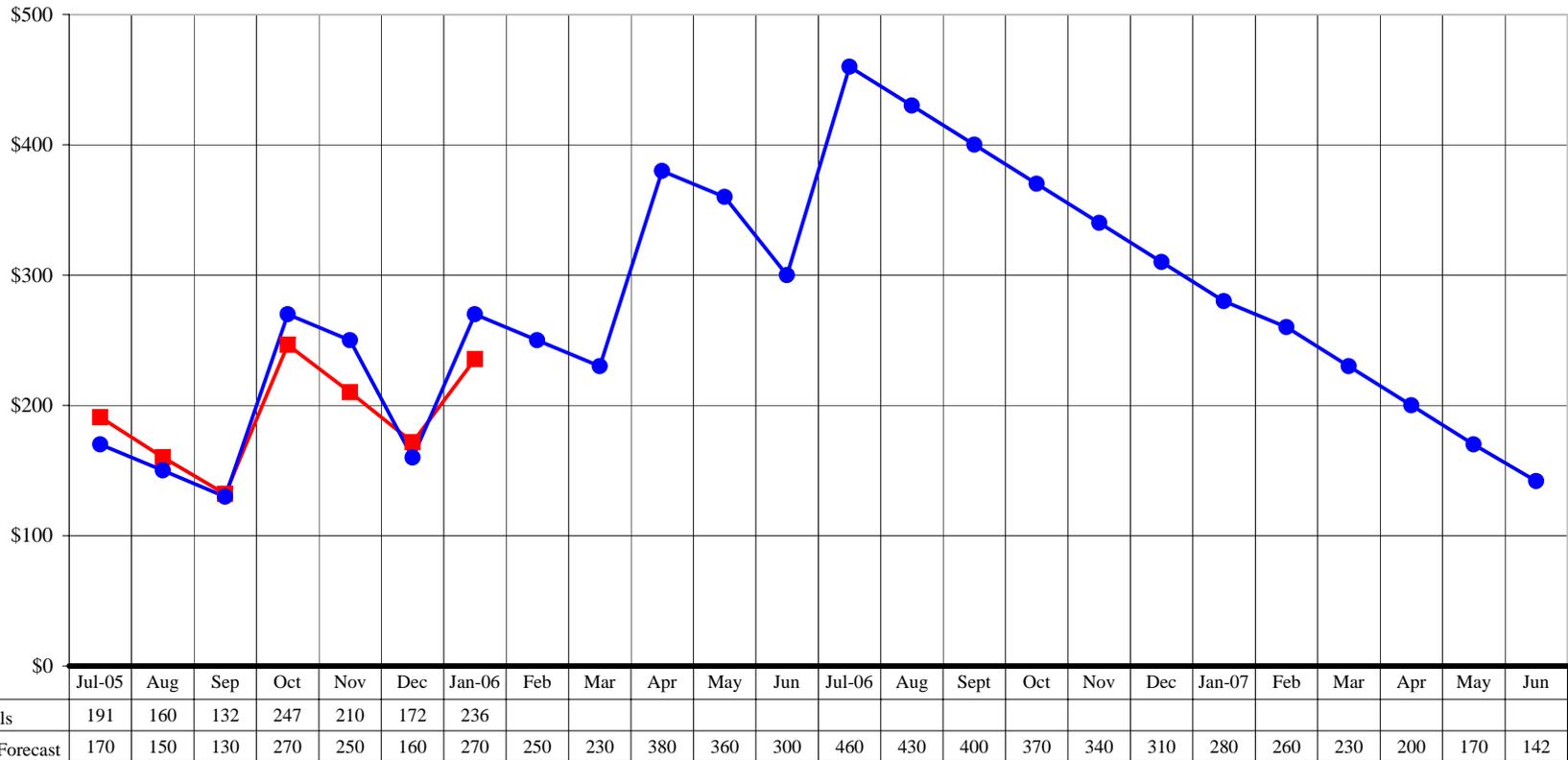
**Base FY 2005-06 Forecast Assumptions:**

- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ TIF revenue in FY 2005-06 included.
- ▶ TIF suspension in FY 2006-07.
- ▶ Assumes no spillover revenue.

**Allocations:**

- ▶ The FY 2005-06 allocation plan proposes \$115 million in allocations.
- ▶ There are no allocations proposed for FY 2006-07, unless spillover revenue is received.

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



**Base FY 2005-06 Forecast Assumptions:**

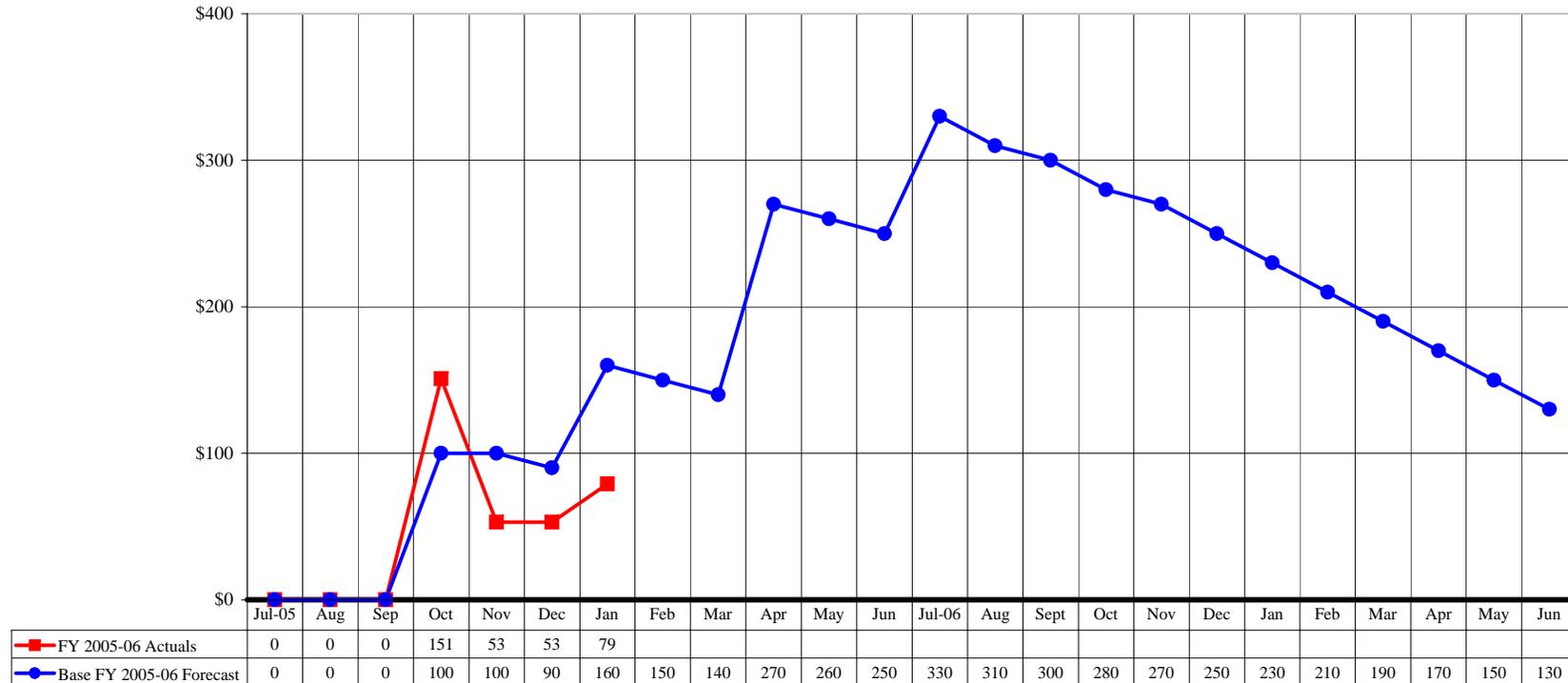
- ▶ Based on TIF 2006 Fund Estimate Tier 2(A).
- ▶ Tribal gaming revenue not included.
- ▶ Annual transfer from TIF of \$678 million to occur quarterly in FY 2005-06
- ▶ Assumes no revenue from TIF in FY 2006-07.

**Allocations:**

- ▶ The FY 2005-06 allocation plan proposes \$678 million in allocations, including \$86 million for existing projects
- ▶ There are no allocations proposed in FY 2006-07.

### 24-Month Transportation Investment Fund (TIF) Cash Forecast

(\$ in millions)



**Base FY 2005-06 Forecast Assumptions:**

- ▶ Based on 2006 Fund Estimate Tier 2(A).
- ▶ Transfer from General Fund of \$1.313 billion.
- ▶ Transfer of \$678 million to TCRF in FY 2005-06.

**Difference from 2006 Fund Estimate:**

- ▶ No transfer from General Fund in FY 2006-07.
- ▶ Transfer to TCRF suspended in FY 2006-07.
- ▶ Assumes three quarterly transfers from General Fund, as portion of \$1.313 billion to be received in FY 2005-06.
- ▶ 4th quarter transfer of remaining \$1.313 billion assumed in 1st quarter of FY 2006-07.

**Allocations:**

- ▶ The FY 2005-06 allocation plan proposes \$350 million in allocations.
- ▶ The FY 2006-07 allocation plan proposes \$250 million in allocations.

**24-Month Grant Anticipation Revenue Vehicles (GARVEE) Forecast**  
(\$ in millions)

