

DEPARTMENT OF TRANSPORTATION

M e m o r a n d u m**To:** CHAIR AND COMMISSIONERS**CTC Meeting:** August 4-5, 2004**Reference No.:** 3.1
Information Item**From:** ROBERT L. GARCIA
Chief Financial Officer**Prepared by:** Bimla Rhinehart
Acting Division Chief
Budgets**Ref:** **CALTRANS MONTHLY FINANCE REPORT**

This report is based on the forecast presented at the California Transportation Commission (Commission) meeting in May of 2004 and presents activity through the month of May 2004.

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

<u>Adjusted Cash Balance</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Forecast	\$510	\$540	\$500
Actual	\$510	\$375	
Difference	\$0	-\$165	

Fiscal Year (FY)

<u>Year-end Balance</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Forecast	\$145	\$500	\$380
Actual	\$293		
Difference	\$148		

Based on updated Accounting reports, the adjusted ending cash balance for May 2004 was \$375 million, which was \$165 million lower than forecast.

Analysis of May 2004 Data:

- The single most significant difference between the forecast and actual cash balance was the timing of the receipt of fuel excise taxes. May taxes were forecast to arrive on May 30, but were not deposited into the SHA until June 2. The average tax transfer has been \$171 million per month.
- The net of all other expenditure and revenue differences increased the cash balance by approximately \$6 million more than forecast.

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 May 30, 2004, the State was operating under the Surface Transportation Extension Act, Part II (STEAI). So far, the State has received 9/12ths of the total appropriation and OA, with approximately \$819 million of OA remaining to be obligated, including both the State and Local share.

- As of May 31, 2004, total Advance Construction (AC) including Grant Anticipation Revenue Vehicles (GARVEE bonds), Toll Bridge Seismic Retrofit, Local Assistance and Emergency Relief was \$4.43 billion.

PUBLIC TRANSPORTATION ACCOUNT (PTA)

Current Quarter (in millions)				Fiscal Year (FY)			
Adjusted Cash Balance	Apr	May	Jun	Year-end Balance	2002-03	2003-04	2004-05
Forecast	\$200	\$150	\$70	Forecast	\$56	\$70	\$20
Actual	\$215	\$192		Actual	\$101		
Difference	\$15	\$42		Difference	\$45		

The May 2004 adjusted cash balance was \$192 million, which was \$42 million higher than forecast.

Analysis of May 2004 Data:

- Expenditures for the month of May 2004 were \$26 million lower than forecast. This is primarily due to a delay in projected expenditures for administration of State Transit Assistance funds. These expenditures were forecast to show up in May, however the State Controllers Office has delayed processing of the expenditures until June. This factor, combined with the lower expenditures in the previous month resulted in the higher than forecast cash balance.

TRAFFIC CONGESTION RELIEF FUND (TCRF)

Current Quarter (in millions)				Fiscal Year (FY)			
Adjusted Cash Balance	Apr	May	Jun	Year-end Balance	2002-03	2003-04	2004-05
Forecast	\$140	\$90	\$74	Forecast	\$356	\$74	-\$163
Actual	\$188	\$157		Actual	\$356		
Difference	\$48	\$67		Difference	\$0		

The higher cash balance is primarily due to lower than forecast expenditures. The revenue for the TCRF is transferred on a fixed schedule.

Analysis of May 2004 Data:

- Expenditures were \$45 million lower than anticipated for May 2004. These lower expenditures and fluctuations in revolving account activities for May, combined with lower expenditures in prior months, resulted in an actual cash balance of \$67 million higher than predicted.

TOLL BRIDGE SEISMIC RETROFIT ACCOUNT (TBSRA)

Current Quarter (in millions)

<u>Adjusted Cash Balance</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Forecast	\$760	\$700	\$640
Actual	\$760	\$703	
Difference	\$0	\$3	

Fiscal Year (FY)

<u>Year-end Balance</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Forecast	\$190	\$640	\$460
Actual	\$201		
Difference	\$11		

The adjusted cash balance for May 2004 was \$703 million, which is \$3 million higher than forecast.

Analysis of May 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

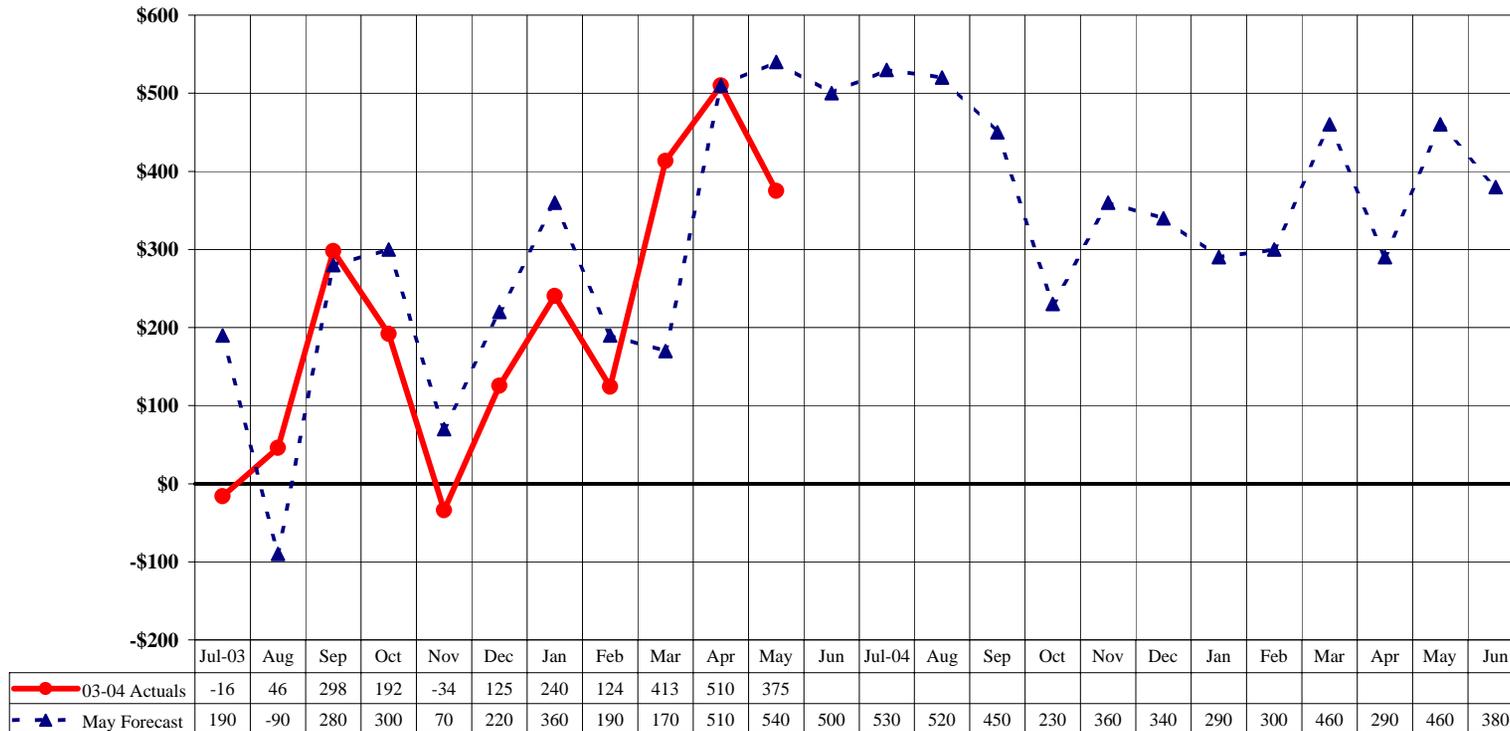
- Actual May 2004 expenditures are \$3 million less than forecast.

TRANSPORTATION INVESTMENT FUND (TIF)

- No net TIF activity occurred in May 2004.

Attachments

24-MONTH STATE HIGHWAY ACCOUNT CASH FORECAST
(\$ in millions)



Assumptions:

Based on the forecast presented to the Commission in May.

Does not include May Revise proposals.

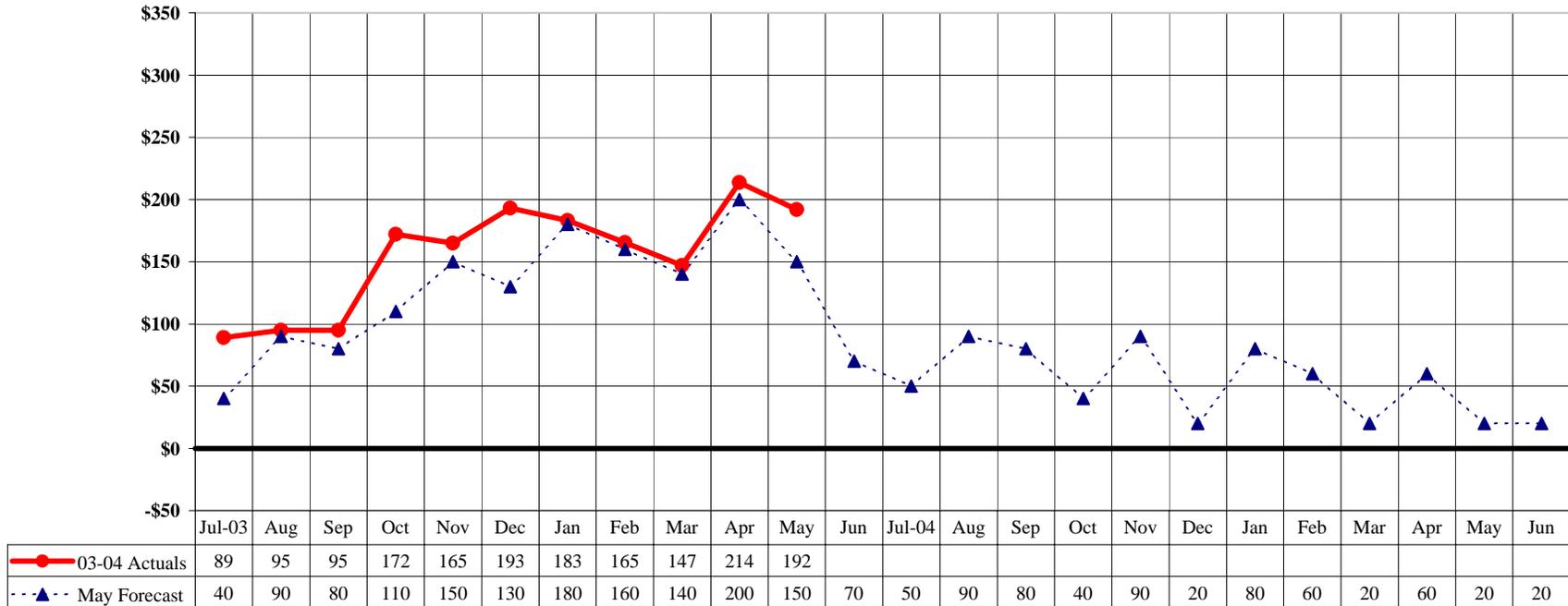
Cash forecast assumes full program proposed allocation for FY 2003-04 and FY 2004-05.

Allocation of the \$1.9 billion in FY 2004-05 based on the budgeted level. Allocation pattern updated to reflect assumptions included in the budget-building process.

Assumes no delay on the state budget for FY 2004-05.

Assumes revised Federal Receipts based on the limitations of apportionments and accrual categories.

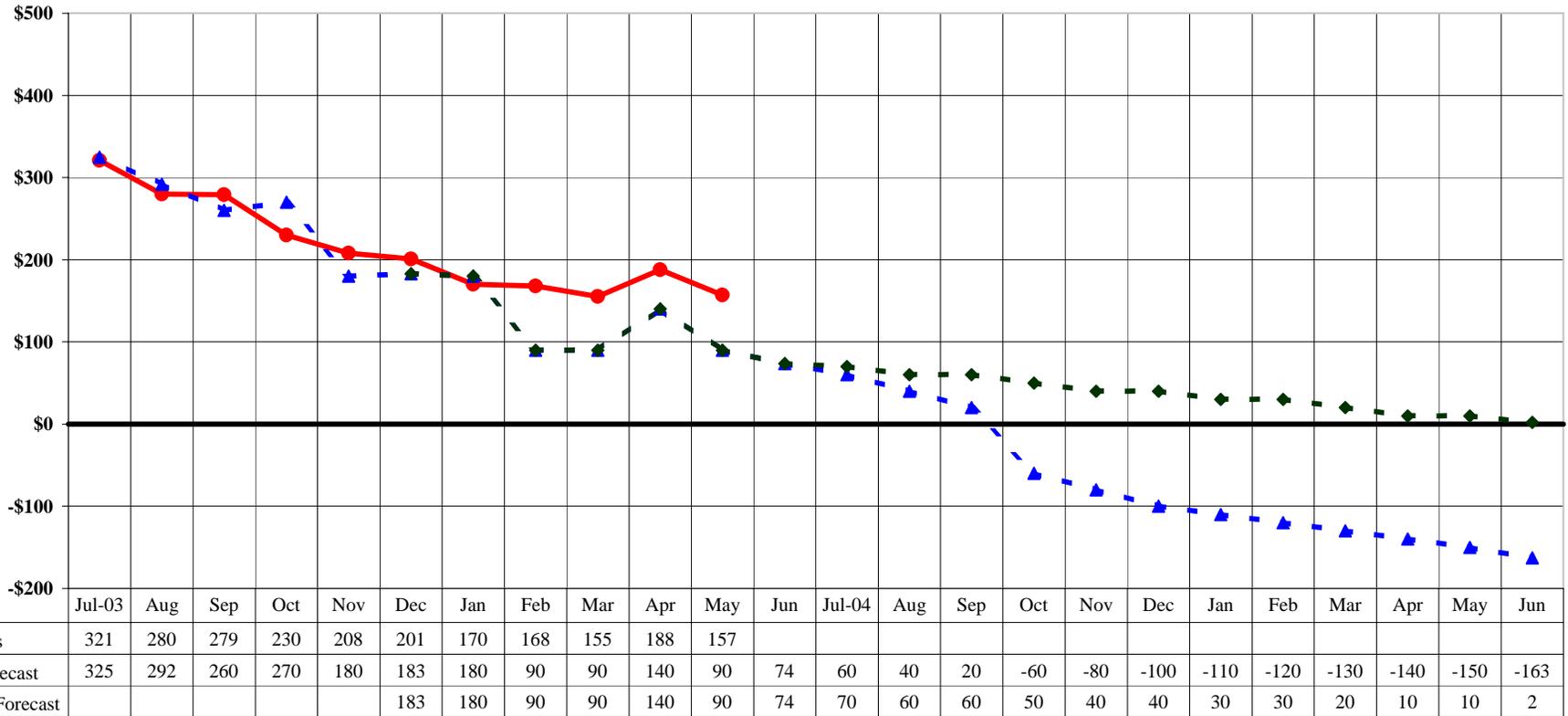
24-MONTH PUBLIC TRANSPORTATION ACCOUNT CASH FORECAST
(\$ in millions)



Assumptions:

- Based on the forecast presented to the Commission in May.
- Does not include May Revision proposals.
- Revenue estimates reflect the FY 2004-05 Governor's Budget.
- No transfer of Non-Article XIX funds from the SHA.
- Suspension of TIF transfer in FY 2004-05.
- Reduction to the State Transit Assistance (STA) program due to Transportation Investment Fund (TIF) suspension.
- State operations expenditures reflect the FY 2004-05 Governor's Budget.
- Cash flow of local assistance expenditures based on updated expenditures.

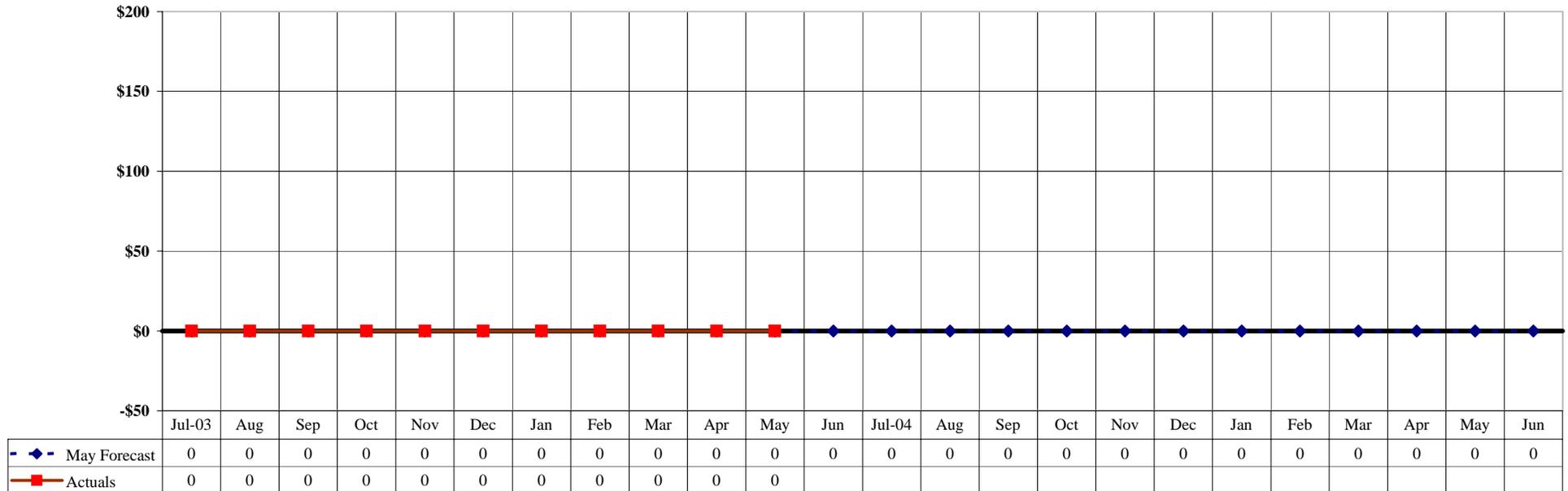
24-MONTH TRAFFIC CONGESTION RELIEF FUND FORECAST
(\$ in millions)



Assumptions:

- No transfer of funds to the General Fund in FY 2003-04.
- Suspension of TIF transfer in FY 2004-05.
- Current assumption is that program will not terminate before July 1, 2004.
- July 1 termination cost of \$72 million based on a survey of project sponsors.
- Expenditures levels are based on a survey from project sponsors.

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



Assumptions:

Cash Forecast assumes \$289 million in revenue from retail sales and use taxes in FY 2003-04, per AB 1750.

\$289 million will be transferred quarterly to the TCRF in FY 2003-04.

Cash forecast assumes full Proposition 42 suspension in FY 2004-05.

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

	2003						2004				
	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Beginning Cash Balance (SHA & TRA), per the State Controller's Office	\$658	\$344	\$115	\$569	\$404	\$267	\$388	\$507	\$264	\$556	\$818
Add: Receipts for Month	232	348	840	289	269	533	426	151	667	679	137
Less: Disbursements for Month	(546)	(577)	(387)	(454)	(407)	(412)	(307)	(394)	(375)	(417)	(348)
Ending Cash Balance	\$344	\$115	\$569	\$404	\$267	\$388	\$507	\$264	\$556	\$818	\$607
Cash Reconciliation (Short-term loans and Transfers)											
Add: GF Short Term Loan	\$29	\$209	\$0	\$0	\$0	\$0	\$0	\$112	\$112	\$0	\$0
Less: TRA Balance from Other Funds	(32)	(11)	(25)	(32)	(86)	(47)	(52)	(37)	(65)	(118)	(42)
Less: TCRF Short Term Loan	(307)	(267)	(246)	(180)	(140)	(140)	(140)	(140)	(114)	(114)	(114)
Less: PTA Short Term Loan	(50)	0	0	0	(75)	(75)	(75)	(75)	(75)	(75)	(75)
Adjusted SHA Cash Balance*	(\$16)	\$46	\$298	\$192	(\$34)	\$126	\$240	\$124	\$413	\$510	\$375
Current Commitments Against Cash:**											
State Operations										\$156	\$157
Local Assistance										247	218
Capital Outlay Contracts:											
Awarded										1,188	1,231
Advertised but not Awarded										419	376
Allocated but not Advertised										131	127
Total Commitments										\$2,363	\$2,109
Available Cash Balance										(\$1,853)	(\$1,734)

* 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 State Operations 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 May 31, 2004
(\$ in millions)

	2003						2004				
	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Beginning Cash Balance, per State Controller's Office	\$101	\$39	\$95	\$95	\$172	\$90	\$91	\$83	\$64	\$51	\$114
Add: Receipts for Month	1	54	0	116	0	0	61	0	0	81	0
Add: Short Term Loan Repayment from SHA	0	50	0	0	0	0	0	0	0	0	0
Less: Disbursements for Month	-64	-47	0	-38	-82	0	-69	-19	-14	-18	-13
Ending Cash Balance	\$39	\$95	\$95	\$172	\$90	\$91	\$83	\$64	\$51	\$114	\$101
Cash Reconciliation:											
Add: Short Term Loan to SHA	\$50	\$0	\$0	\$0	\$75	\$75	\$75	\$75	\$75	\$75	\$75
Add: TRA Cash Advance						\$27	\$25	\$26	\$21	\$25	\$16
Adjusted PTA Cash Balance*	\$89	\$95	\$95	\$172	\$165	\$192	\$183	\$165	\$147	\$214	\$192
Current Commitments Against Cash:**											
State Operations							\$66	\$60	\$44	\$44	\$33
Local Assistance							24	24	23	18	14
Capital Outlay											
Yolo Causeway Project							20	20	17	17	12
Pittsburg - Antioch Project							29	27	27	27	29
La Mirada - Basta Project							22	22	22	21	21
Miscellaneous Capital Outlay Projects							19	18	18	18	18
Total Commitments							\$180	\$172	\$151	\$145	\$127
Available Cash Balance							\$2	-\$7	-\$4	\$68	\$65

* The Department's cash forecast is based on the adjusted PTA 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 State Operations represents the encumbered balance of Local Assistance projects.

Capital Outlay represents the remaining unspent balance of each of the seven awarded capital contracts.

TRAFFIC CONGESTION RELIEF FUND

Adjusted Cash Balance as of May 31, 2004

(\$ in millions)

	2003						2004				
	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Beginning Cash Balance, per State Controller's Office	\$31	\$14	\$13	\$33	\$50	\$68	\$43	\$8	\$22	\$1	\$33
Add: Receipts for Month	18	40	20	138	40	0	0	72	26	72	1
Less: Disbursements for Month	(35)	(41)	0	(121)	(22)	(25)	(35)	(58)	(47)	(40)	(14)
Ending Cash Balance	\$14	\$13	\$33	\$50	\$68	\$43	\$8	\$22	\$1	\$33	\$21
Cash Reconciliation:											
Add: SHA Short Term Loan	\$307	\$267	\$246	\$180	\$140	\$140	\$140	\$140	\$114	\$114	\$114
Add: TRA Cash Advance						\$18	\$22	\$6	\$40	\$40	\$22
Adjusted TCRF Cash Balance*	\$321	\$280	\$279	\$230	\$208	\$201	\$170	\$168	\$155	\$188	\$157

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

TRANSPORTATION INVESTMENT FUND

Adjusted Cash Balance as of May 31, 2004

(\$ in millions)

	2003						2004				
	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Beginning Cash Balance, per the State Controller's Office	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: Receipts for Month	0	0	0	72	0	0	0	72	0	72	0
Less: Disbursements for Month	0	0	0	(72)	0	0	0	(72)	0	(72)	0
Ending Cash Balance	\$0										

**CHART 2
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		\$13.6***	\$13.6
Support Costs Funded	\$103.0	\$256.8****	\$359.8
Prop 192 Reimbursement	(\$99.8)	\$99.8	\$0.0
Total Funded To Date	\$69.3	\$1,149.4	\$1,128.7

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

** \$480,000 M01-0841 plus \$1,899,841 savings in unused allocation balances from completed projects in FY's 96, 97, 98, and 01.

*** 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.

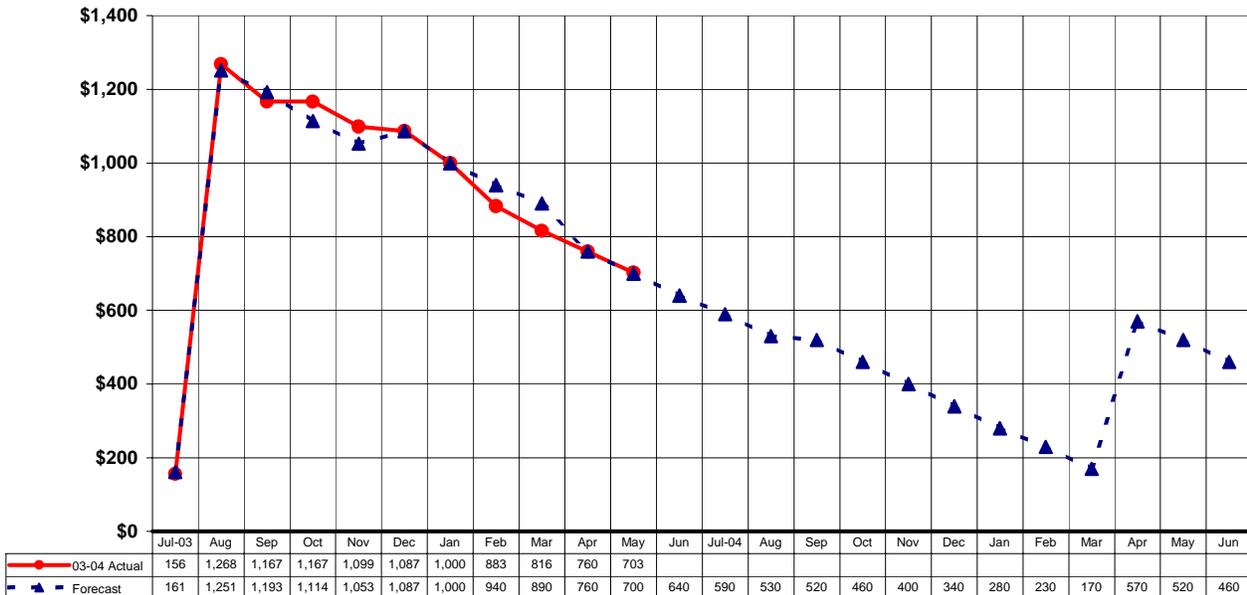
**** Indicates actual expenditures/encumbrances. (Other amounts are allocations.)

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	\$523.9 ⁽³⁾		\$696.1
Prop 192 Reimbursement	-\$9.5	\$9.5			\$0.0
Total Funded To Date	\$78.9	\$789.0	\$2,998.6	\$627.5	\$4,494.0

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:

- Incorporates latest cash flow estimates provided by the program.
- Incorporates new stating point for April 2004 beginning balance.

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

Major Fund Categories (will use state OA to convert)

INTERSTATE MAINTENANCE	\$	690
NATIONAL HIGHWAY SYSTEM	\$	1,139
MINIMUM GUARANTEE		N/A
CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT		-
BRIDGE PROGRAM FUNDS	\$	59
SURFACE TRANSPORTATION PROGRAM (1)	\$	989
SURFACE TRANSPORTATION ENHANCEMENT	\$	34
MISCELLANEOUS (2)	\$	137
METROPOLITIAN PLANNING		N/A
STATE PLANNING AND RESEARCH FUNDS (SPR)	\$	34
Sub Total	\$	3,082

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

ER (STP funds)	\$	27
Sub Total		27

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

TBSR Projects (HBRR Funds)	\$	430
GARVEE Projects	\$	808
Sub total	\$	1,238

Local AC (will use local OA to convert)

LOCAL (3)	\$	81
OA - includes formula limitation, minimum Guarantee Special and Exempt.		

Statewide Total AC Balance	\$	4,428
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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)
STATE /LOCAL USE**

(\$ in millions)

FFY 2004 as of May 31, 2004*

	<u>STATE</u>	<u>LOCAL</u>	<u>TOTAL</u>
OBLIGATION AUTHORITY	\$ 1,228	\$ 823	\$ 2,051
CUMULATIVE OBLIGATIONS	<u>\$ 852</u>	<u>\$ 380</u>	<u>\$ 1,232</u>
REMAINING OA	\$ 376	\$ 443	\$ 819

FFY 2003

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

NOTE: AS OF 9/30/03, 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
CUMULATIVE OBLIGATIONS	<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).

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

Cumulative Obligations include formula, minimum guarantee, and special allocated limitation.

* As of May 31, 2004, the State was operating under STEAII, 9/12ths appn and OA.

FEDERAL FUND - APPORTIONMENT STATUS

(\$ in millions)

MAJOR FUND CATEGORY

	<u>FFY-2002</u>		<u>FFY-2003</u>		<u>FFY-2004</u> <u>(as of May 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	\$ 272	\$ 160
NATIONAL HIGHWAY SYSTEM	\$ 281	\$ 455	\$ 372	\$ 456	\$ 359	\$ 338
MINIMUM GUARANTEE (2)	\$ 196	\$ 186	\$ 210	\$ 218	\$ 123	\$ 20
CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT	\$ 372	\$ 323	\$ 332	\$ 284	\$ 229	\$ 162
BRIDGE PROGRAM FUNDS	\$ 316	\$ 189	\$ 301	\$ 325	\$ 225	\$ 62
SURFACE TRANSPORTATION PROGRAM	\$ 1,105	\$ 865	\$ 789	\$ 861	\$ 379	\$ 417
SURFACE TRANSPORTATION ENHANCEMENT	\$ 68	\$ 72	\$ 61	\$ 37	\$ 45	\$ 39
MISCELLANEOUS (3)	\$ 3	\$ 21	\$ 16	\$ 71	\$ 2	\$ 4
METROPOLITIAN PLANNING	\$ 30	\$ 30	\$ 29	\$ 29	\$ 21	\$ -
STATE PLANNING AND RESEARCH FUNDS (SPR)	\$ 52	\$ 61	\$ 47	\$ 9	\$ 34	\$ 31
TOTAL	\$ 2,633	\$ 2,476	\$ 2,380	\$ 2,507	\$ 1,689	\$ 1,232
AVAILABLE FEDERAL OA		\$ 2,476		\$ 2,507		\$ 2,051
AVAILABLE FEDERAL OA REMAINING		\$ 0		\$ 0		\$ 819

NOTES

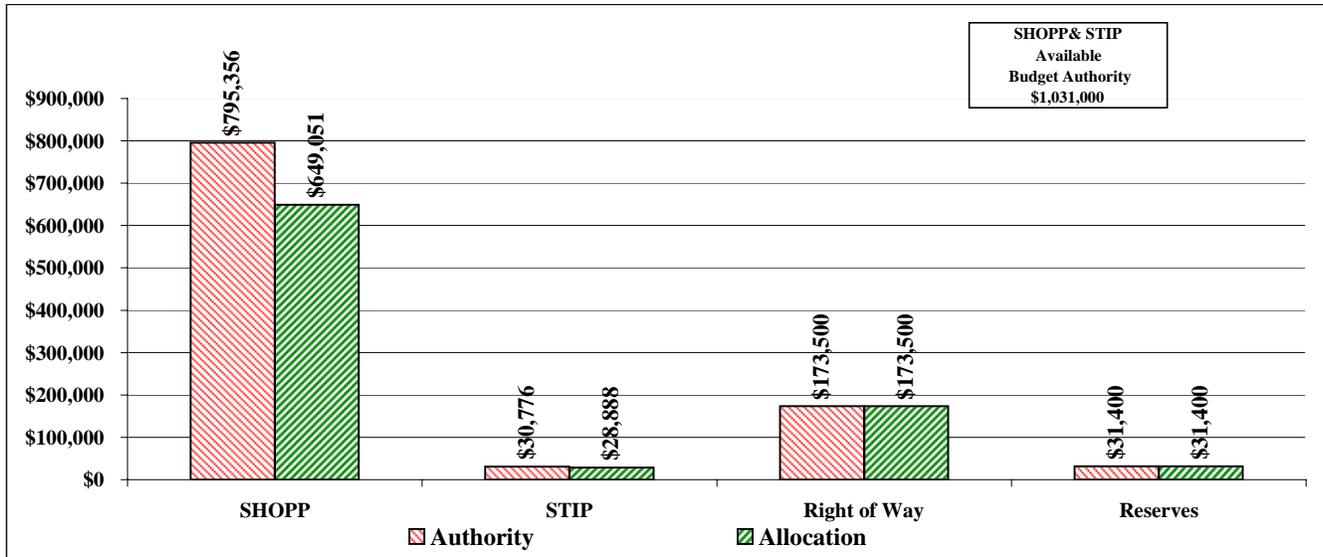
(1) Includes FTA transfers.

(2) Combines Special and Exempt funding.

(3) Includes Rec Trails, Redist of Certain Auth, Motor Veh Intox and various PRE-ISTEA fund types.

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

FY 2003-04 STIP/SHOPP BUDGETARY ANALYSIS REPORT
as of May 31, 2004
(\$ in thousands)



Objective: To monitor and report the availability of FY 2003-04 Budget Authority and determine the overall capacity for meeting the current programmatic commitments.

Measure: The authorized levels are consistent with the enacted FY 2003-04 Budget and Commission approved adjustments necessary to conform to the FY 2003-04 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 2003-04 SHOPP Allocation Plan. The \$4.7 million shortfall is directly attributable to the funding of various STIP projects (see Analysis below). Additional STIP allocations will require Commission and Department of Finance approval of a Budget Revision in order to provide the requisite budget authority. Due to the constrained nature of the current budget, additional non-SHOPP allocations will reduce the Department's ability to fully fund the FY 2003-04 SHOPP Allocation Plan.

- Analysis:**
- The current funding capacity for the FY 2003-04 State Highway Operations Protection Plan (SHOPP) Allocation Plan is \$795.3 million, which is \$4.7 million below the \$800 million authorized level. The funding shortfall is attributable to the allocation and or reservation of the following STIP projects:
 - Eureka Non Freeway - \$1.2 M.
 - STIP G12 Supplemental Allocations - \$11.1 M.
 - Planning Programming and Monitoring - \$3.5 M.
 - Reserve for additional STIP G-12s - \$1.9 M.
 - I-880 Corridor Allocation - \$6.1 M. (reservation)
 - STIP Supplemental Votes - \$7 M.
 - To date there has been a total of 359 SHOPP projects voted, totaling \$651 million. Of the 359 projects allocated, 126 have been awarded. The average timing from project allocation to award is approximately 90 days. Given this timeframe, only 24 projects fall outside the accepted norm.
 - Of the total amount allocated approximately \$50 million has been expended. The reported expenditure level is consistent with current projections.