

DEPARTMENT OF TRANSPORTATION

M e m o r a n d u m**To:** CHAIR AND COMMISSIONERS**CTC Meeting:** December 10-11, 2003**Reference No.:** 3.1
Information Item**From:** ROBERT L. GARCIA
Chief Financial Officer**Prepared by:** Robert Sertich
Chief
Division of Budgets**Ref:** **CALTRANS MONTHLY FINANCE REPORT**

This report is based on the forecast presented at the California Transportation Commission (Commission) meeting in September 2003 along with the Department of Transportation's (Department) assumptions and presents activity for the months of September and October 2003.

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

<u>Adjusted Cash Balance</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>
Forecast	\$280	\$300	\$70
Actual	\$298	\$192	
Difference	\$17	-\$108	

Fiscal Year (FY)

<u>Year-end Balance</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Forecast	\$145	\$330	\$1,190
Actual	\$293		
Difference	\$148		

The adjusted cash balance for September 2003 was \$298 million, which was \$17 million higher than forecast. The adjusted cash balance for October 2003 was \$192 million, which was \$108 million lower than forecast. The lower cash balance is primarily due to a delay in the passage of the Federal Transportation Act. This delay resulted in lower federal reimbursements than forecast.

Analysis of September 2003 Data:**Revenue:**

- Highway User's Tax Account (HUTA) revenues were \$8 million lower than anticipated.
- Federal reimbursements were \$59 million higher than anticipated.
- Miscellaneous revenues and transfers were \$115 million higher than anticipated.

Expenditures:

- Capital outlay expenditures were \$6 million lower than anticipated.
- Local assistance expenditures were \$17 million lower than anticipated.
- Support expenditures were \$27 million lower than anticipated.

Analysis of October 2003 Data:**Revenue:**

- Federal reimbursements were \$183 million lower than forecast, because of the delayed federal budget.
- Weight fees were \$18 million higher than anticipated.
- Miscellaneous revenues and transfers were \$20 million higher than anticipated.

Expenditures:

- Capital outlay expenditures were \$2 million higher than forecast.
- Local assistance expenditures were \$6 million lower than anticipated.
- Support expenditures were \$4 million lower than anticipated.

FEDERAL TRUST FUND

The updated reports for Federal Fund Apportionment Status and the Obligation Authority (OA) State and Local Use are attached. The only significant update on federal funds, is the status of the Federal Fiscal Year (FFY) 2004 budget. A Continuing Resolution was passed in October 2003 for FFY 2004, which provided \$192 million of available OA, of which \$187 million was obligated by the end of October 2003. Congress recently enacted a second Continuing Resolution through January 2004 based on FFY 2003 funding levels. This will result in lower OA through January 2004 than forecast.

- For Federal Fiscal Years (FFY) 2001, 2002 and 2003 all OA was used.
- As of October 31, 2003, the Advance Construction (AC) level for major fund categories was \$3 billion.
- Other AC commitments, including Grant Anticipation Revenue Vehicles (GARVEE bonds), Toll Bridge Seismic Retrofit, Local Assistance and Emergency Relief total \$1.2 billion, for a total commitment of \$4.2 billion.

PUBLIC TRANSPORTATION ACCOUNT (PTA)

<u>Current Quarter (in millions)</u>				<u>Fiscal Year (FY)</u>			
<u>Adjusted Cash Balance</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Year-end Balance</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Forecast	\$80	\$110	\$150	Forecast	\$56	\$120	\$160
Actual	\$95	\$172		Actual	\$101		
Difference	\$15	\$62		Difference	\$45		

The September 2003 adjusted cash balance was \$95 million, which was \$15 million higher than forecast. The adjusted cash balance for October 2003 was \$172 million, which was \$62 million higher than forecast. The higher cash balance is primarily due to the transfer of gasoline and diesel fuel sales tax revenue that was received in October 2003, which was a month earlier than forecast.

Analysis of September 2003 Data:**Expenditures:**

- Expenditures of \$15 million were not deducted from the PTA, because of a delay in document processing at the State Controller's Office (SCO).

Analysis of October 2003 Data:**Revenue:**

- Forecast assumed the transfer of gasoline and diesel fuel sales tax revenues would be received in November 2003. Actual transfer of \$49 million occurred in October 2003.

TRAFFIC CONGESTION RELIEF FUND (TCRF)

<u>Current Quarter (in millions)</u>				<u>Fiscal Year (FY)</u>			
<u>Adjusted Cash Balance</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Year-end Balance</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Forecast	\$260	\$270	\$230	Forecast	\$356	-\$40	\$290
Actual	\$279	\$230		Actual	\$356		
Difference	\$19	-\$40		Difference	\$0		

The adjusted cash balance for September 2003 was \$279 million, which was \$19 million higher than forecast. The October 2003 adjusted cash balance was \$230 million, which was \$40 million lower than forecast.

Analysis of September 2003 Data:

Expenditures:

- Expenditures of \$17 million were not deducted from the TCRF, because of a delay in document processing at the State Controller’s Office (SCO).

Analysis of October 2003 Data:

Expenditures:

- Two months of expenditures were deducted from the TCRF in October totaling \$98 million, which was \$40 million higher than forecast.

TOLL BRIDGE SEISMIC RETROFIT ACCOUNT (TBSRA)

<u>Current Quarter (in millions)</u>				<u>Fiscal Year (FY)</u>			
<u>Adjusted Cash Balance</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Year-end Balance</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Forecast	\$1,193	\$1,114	\$1,053	Forecast	\$190	\$752	\$642
Actual	\$1,167	\$1,167		Actual	\$201		
Difference	\$59	-\$53		Difference	\$11		

The October 2003 month end balance was \$1.167 billion, which is \$53 million higher than the projected ending cash balance. The difference was caused by a delay in document processing at the State Controller’s Office. Expenditures that occurred have not been deducted from the account. Two months of expenditures will be deducted from the TBSRA in November.

Analysis of September and October Data:

Revenue

- As of September 1, 2003, this fund no longer receives 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

- Expenditures for September and October were not deducted from the TBSRA, because of a delay in document processing at the State Controller’s Office. Two months of expenditures are anticipated to be deducted from the TBSRA in November.

TRANSPORTATION INVESTMENT FUND (TIF)

- TIF received \$72.3 million for the first quarter transfer of revenue from the General Fund. These funds are transferred to the TCRF to support Traffic Congestion Relief Program expenditures.

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



Assumptions:

Cash forecast includes actual activity through October 31, 2003.

Cash forecast assumes no new allocation.

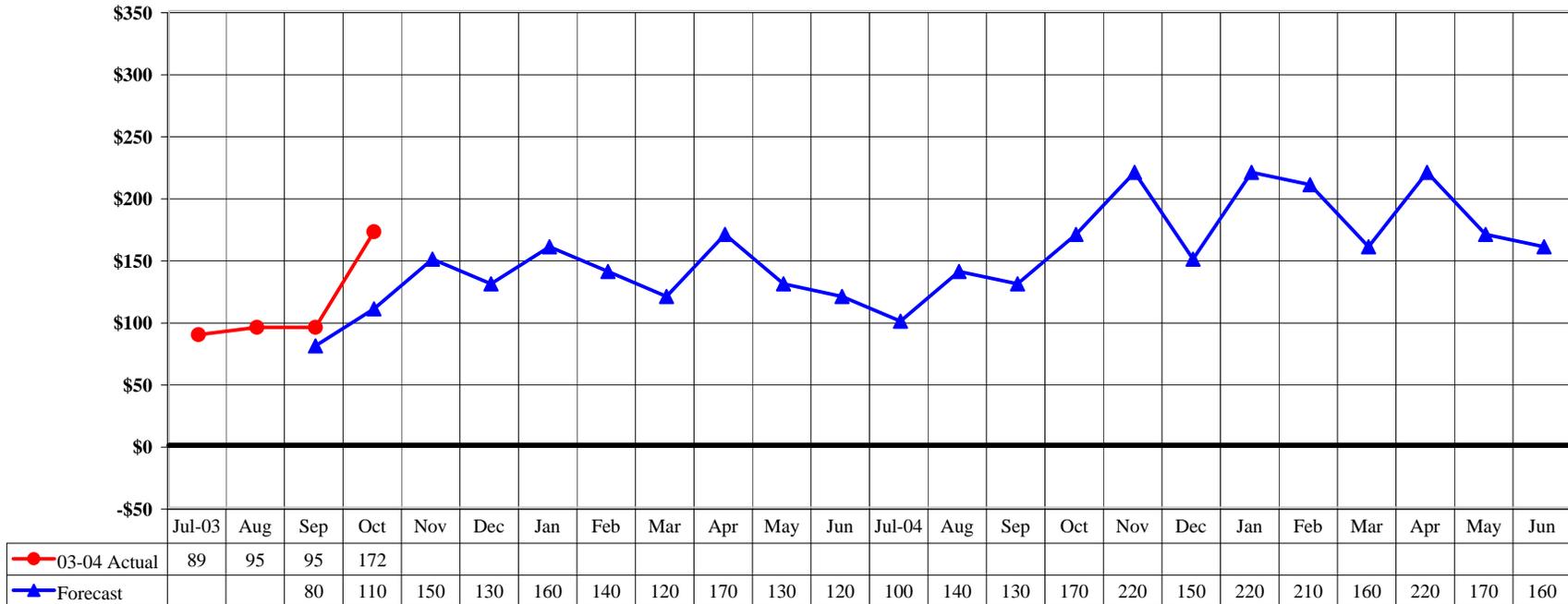
FY 2003-04 General Fund repayment of \$173 million plus \$2.216 million interest has been added to FY 2003-04.

FY 2004-05 Weight Fee revenue assumes 2003-04 levels, adjusted for a trend growth factor.

FY 2004-05 Highway Users Tax Account assumes 2.1% growth.

FY 2004-05 Forecast includes \$2 million of AB3090 reimbursements but does not include GARVEE repayments.

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



Assumptions:

Cash forecast includes actual activity through October 31, 2003.

Gasoline and diesel sales tax revenues reflect May 2003 Department of Finance revenue forecasts.

AB 1751 (Ch. 224, St. of 2003) eliminates the transfer of spillover in FY 2003-04. Spillover assumed \$0 in FY 2004-05.

AB 1750 (Ch. 223, St. of 2003) suspended the TIF transfer to the PTA in FY 2003-04. To be repaid by the Transportation Deferred Investment Fund per AB 1751. Cash forecast assumes repayment in final FY 2008-09.

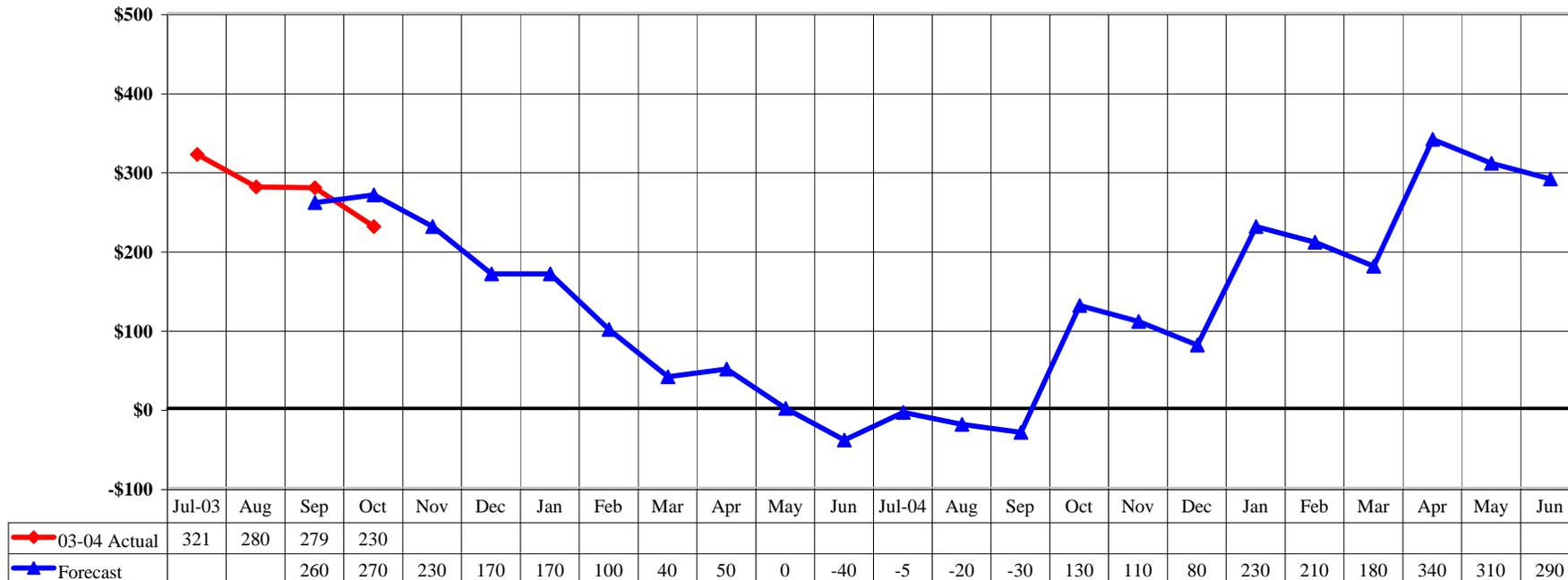
Cash forecast assumes \$92 million in revenue from the TIF in FY 2004-05, \$23 million transferred quarterly with one quarter lag.

High Speed Rail Authority expenditures increased by \$2.6 million in FY 2003-04 per Chapter 157, Budget Act of 2003.

According to the Budget Act of 2003, State Transit Assistance (STA) is \$104.6 million in FY 2003-04. Cash forecast assumes quarterly transfers with one quarter lag.

Forecast includes cash flow of capital outlay expenditures of \$29.1 million in FY 2003-04 and \$36.9 million in FY 2004-05 based on revised expenditure patterns of the Intercity Rail Program.

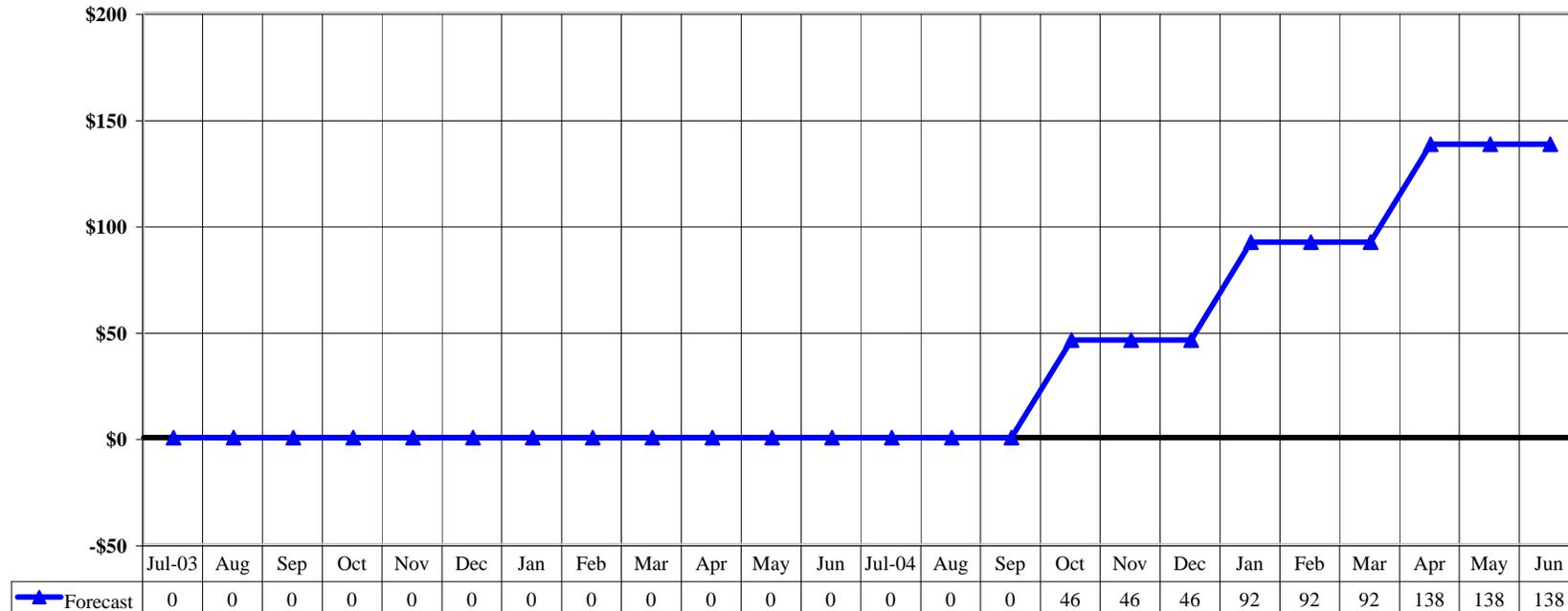
24-MONTH TRAFFIC CONGESTION RELIEF FUND FORECAST
(\$ in millions)



Assumptions:

- Cash forecast includes actual activity through October 31, 2003.
- Cash forecast based on the expenditure levels taken from the Regional Transportation Planning Agency (RTPA) survey information dated March 2003.
- Cash forecast assumes \$289 million in revenue from TIF in FY 2003-04, \$72.25 million transferred quarterly with a one quarter lag.
- Forecast assumes \$100 million loan repayment to SHA in FY 2003-04, \$25 million transferred quarterly with a one quarter lag.
- \$325 million short-term loan repayment from SHA expected July 2003.
- Cash forecast assumes short-term loan to SHA of \$307 million to occur July 2003.
- Cash forecast assumes repayment of \$307 million loan to SHA to occur in monthly installments from August 2003 through April 2004.
- 45% of FY 2002-03 expenditures did not occur, expenditures are assumed to occur in FY 2003-04.
- June 2004 balance negative due to lag in TIF quarterly payments. Payment expected in July 2004.

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.
- Per AB 1751, \$289 million will be transferred quarterly to the TCRF in FY 2003-04.
- Cash Forecast assumes a zero cash balance for the TIF in FY 2003-04.
- Cash forecast assumes \$1,138 million in revenue from retail sales and use taxes in FY 2004-05.
- Cash forecast assumes \$284.5 million will be transferred quarterly, with a one quarter lag to be transferred July of FY 2005-06.

STATE HIGHWAY ACCOUNT
Adjusted Cash Balance as of October 31, 2003
(\$ in millions)

	2003			
	JULY	AUG	SEP	OCT
Beginning Cash Balance (SHA & TRA), per the State Controller's Office	\$658	\$344	\$115	\$569
Add: Receipts for Month	232	348	1,005	526
Less: Disbursements for Month	(546)	(577)	(551)	(691)
Ending Cash Balance	\$344	\$115	\$569	\$404
 Cash Reconciliation (Short-term loans and Transfers)				
Add: GF Short Term Loan	\$29	\$209	\$0	\$0
Less: TRA Balance from Other Funds	(32)	(11)	(25)	(32)
Less: TCRF Short Term Loan	(307)	(267)	(246)	(180)
Less: PTA Short Term Loan	(50)	0	0	0
Adjusted SHA Cash Balance*	(\$16)	\$46	\$298	\$192

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

PUBLIC TRANSPORTATION ACCOUNT
Adjusted Cash Balance as of October 31, 2003

(\$ in millions)

	2003			
	JULY	AUG	SEP	OCT
Beginning Cash Balance, per State Controller's Office	\$101	\$39	\$95	\$95
Add: Receipts for Month	1	53	0	116
Add: Short Term Loan Repayment from SHA	0	50	0	0
Less: Disbursements for Month	13	47	0**	38
Ending Cash Balance	\$39	\$95	\$95	\$172
Cash Reconciliation:				
Add: Short Term Loan to SHA	\$50	\$0	\$0	\$0
Adjusted PTA Cash Balance*	\$89	\$95	\$95	\$172

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

**Disbursements for September 2003 under one million.

TRAFFIC CONGESTION RELIEF FUND
Adjusted Cash Balance as of October 31, 2003
(\$ in millions)

	2003			
	JULY	AUG	SEP	OCT
Beginning Cash Balance, per the State Controller's Office	\$31	\$14	\$13	\$33
Add: Receipts for Month	18	40	20	138
Less: Disbursements for Month	(35)	(41)	0	(121)
Ending Cash Balance	<u>\$14</u>	<u>\$13</u>	<u>\$33</u>	<u>\$50</u>
 Cash Reconciliation:				
Add: SHA Short Term Loan	\$307	\$267	\$246	\$180
Adjusted TCRF Cash Balance*	<u>\$321</u>	<u>\$280</u>	<u>\$279</u>	<u>\$230</u>

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

TRANSPORTATION INVESTMENT FUND
Adjusted Cash Balance as of October 31, 2003
(\$ in millions)

	2003			
	JULY	AUG	SEP	OCT
Beginning Cash Balance, per the State Controller's Office	\$0	\$0	\$0	\$0
Add: Receipts for Month	0	0	0	72
Less: Disbursements for Month	0	0	0	(72)
Ending Cash Balance	\$0	\$0	\$0	\$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	\$768.2	\$831.2
Minor Projects Funded To Date	\$3.1	\$8.8	\$11.9
Right of Way Capital Costs To Date		\$10.3***	\$10.3
Support Costs Funded	\$103.0	\$256.8**	\$359.8
Prop 192 Reimbursement	(\$99.8)	\$99.8	\$0.0
Total Funded To Date	\$69.3	\$1,143.9	\$1,213.2

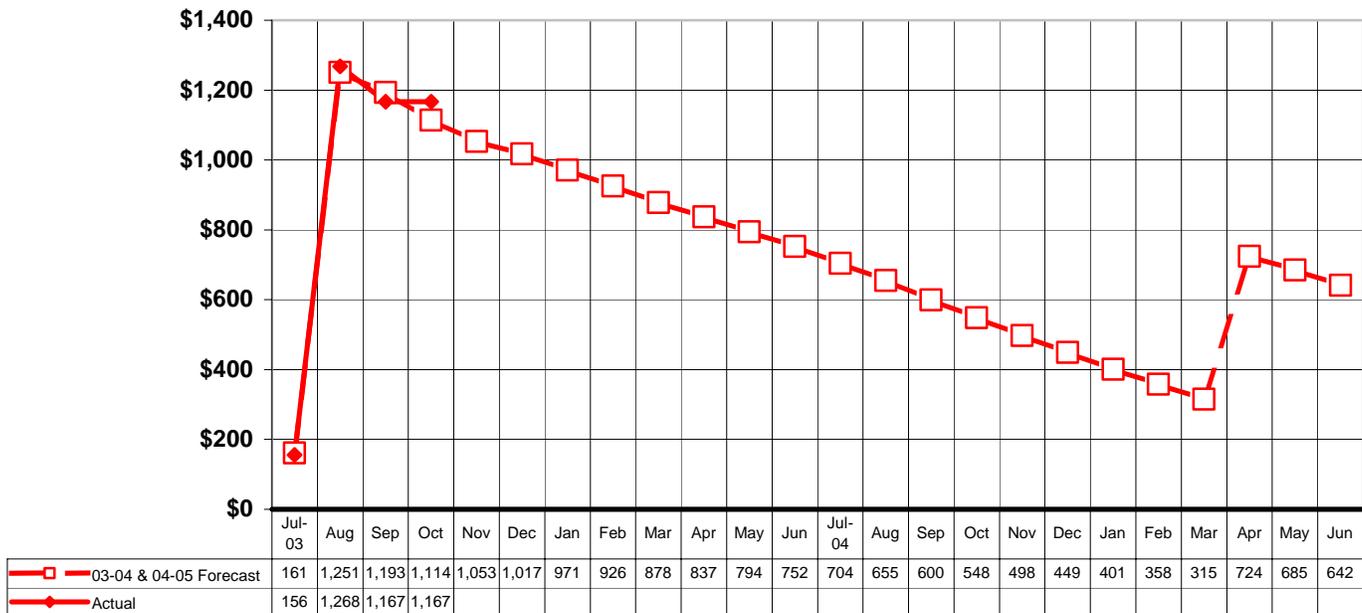
* Multi-District Litigation funds received through Petroleum Products Antitrust Litigation agreement, August 12 1992.
 ** Does not include \$81.2 million allocated for the Pooled Money Investment Account loan interest expenses as these costs are usually offset by the interest earned by the Surplus Money Investment Fund.
 *** Indicates actual expenditures/encumbrances. (Other amounts are allocations.)
 **** Supplemental funds of \$875,000 for EA 07-147611.
 ***** -\$5,098,000 award G-12 for EA 08-371301.

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	\$2,369.8	\$627.5	\$3,668.8
Minor Projects Funded To Date					
Right of Way Capital Costs To Date		\$24.0	\$56.9 ⁽³⁾		\$80.9
Support Costs Funded	\$66.2	\$106.0	\$474.1 ⁽⁴⁾		\$646.3
Prop 192 Reimbursement	-\$9.5	\$9.5			\$0.0
Total Funded To Date	\$78.9	\$788.8	\$2,900.8	\$627.5	\$4,396.0

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) \$8,700,000 added to EA 043939 for R/W costs on the Carquinez Bridge
- (4) 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

Note: expected expenditures for the TBSRA did not occur in October 2003 because of delays in processing the financial adjustment at the State Controllers office.

FEDERAL FUND - APPORTIONMENT STATUS

(\$ in millions)

<u>MAJOR FUND CATEGORY</u>	<u>FFY-2002</u>		<u>FFY-2003</u>		<u>FFY-2004</u> <u>(as of October 31, 2003)</u>	
	<u>Apportionment</u>	<u>Obligations (1)</u>	<u>Apportionment</u>	<u>Obligations (1)</u>	<u>Apportionment</u>	<u>Obligations (1)</u>
INTERSTATE MAINTENANCE (2)	\$ 209	\$ 273	\$ 223	\$ 216	\$ 201	\$ 13
NATIONAL HIGHWAY SYSTEM (2)	\$ 281	\$ 455	\$ 372	\$ 456	\$ 258	\$ 52
MINIMUM GUARANTEE (3)	\$ 196	\$ 186	\$ 210	\$ 218	\$ -	\$ -
CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT	\$ 372	\$ 323	\$ 332	\$ 284	\$ 178	\$ 31
BRIDGE PROGRAM FUNDS	\$ 316	\$ 189	\$ 301	\$ 325	\$ 161	\$ (5)
SURFACE TRANSPORTATION PROGRAM (2)	\$ 1,105	\$ 865	\$ 789	\$ 861	\$ 282	\$ 81
SURFACE TRANSPORTATION ENHANCEMENT	\$ 68	\$ 72	\$ 61	\$ 37	\$ 32	\$ 16
MISCELLANEOUS (4)	\$ 3	\$ 21	\$ 16	\$ 71	\$ 2	\$ (1)
METROPOLITIAN PLANNING	\$ 30	\$ 30	\$ 29	\$ 29	\$ 15	\$ -
STATE PLANNING AND RESEARCH FUNDS (SPR)	\$ 52	\$ 61	\$ 47	\$ 9	\$ 25	\$ -
TOTAL	\$ 2,633	\$ 2,476	\$ 2,380	\$ 2,507	\$ 1,154	\$ 187
AVAILABLE FEDERAL OA		\$ 2,476		\$ 2,507		\$ 192
AVAILABLE FEDERAL OA REMAINING		\$ 0		\$ 0		\$ 5

NOTES

- (1) Includes FTA transfers
- (2) 50% of the annual Interstate Maintenance and National Highway apportionments are transferred to STP
- (3) Combines Special and Exempt funding
- (4) Includes Rec Trails, Redist of Certain Auth, Motor Veh Intox and various PRE-ISTEA fund types

Annual obligations can exceed the annual apportionments provided that prior year carry-over unobligated apportionments are available.

**OBLIGATION AUTHORITY (OA)
STATE /LOCAL USE**
(\$ in millions)

FFY 2004 as of October 31, 2003*

	<u>STATE</u>		<u>LOCAL</u>		<u>TOTAL</u>
OBLIGATION AUTHORITY	\$ 117	\$	\$ 75	\$	\$ 192
CUMULATIVE OBLIGATIONS	\$ 116	\$	\$ 71	\$	\$ 187
REMAINING OA	\$ 1	\$	\$ 4	\$	\$ 5

FFY 2003

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

NOTE: THE STATE 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	\$ 1,622	\$	\$ 854	\$	\$ 2,476
REMAINING OA	\$ (0)	\$	\$ 0	\$	\$ 0

NOTE: YEAR END ADJUSTMENT TO MAXIMIZE USE OF OA

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

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

* As of October 31, 2003, the State was operating under the first Continuing Resolution.

ADVANCE CONSTRUCTION (AC)
as of October 31, 2003
(\$ in millions)

Major Fund Categories (will use state OA to convert)

INTERSTATE MAINTENANCE	\$	655
NATIONAL HIGHWAY SYSTEM	\$	1,218
MINIMUM GUARANTEE		N/A
CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT		-
BRIDGE PROGRAM FUNDS	\$	50
SURFACE TRANSPORTATION PROGRAM (1)	\$	857
SURFACE TRANSPORTATION ENHANCEMENT	\$	30
MISCELLANEOUS (2)	\$	157
METROPOLITIAN PLANNING		N/A
STATE PLANNING AND RESEARCH FUNDS (SPR)	\$	62
Sub Total	\$	<u>3,029</u>

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

ER (STP funds)	\$	32
Sub Total		<u>32</u>

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

TBSR Projects (HBRR Funds)	\$	394
GARVEE Projects	\$	657
Sub total	\$	<u>1,051</u>

Local AC (will use local OA to convert)

LOCAL (3)		79
Sub total		<u>79</u>

Statewide Total AC Balance	4,192
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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,...)