



DATE: MARCH 16, 2017
TO: TRANSPORTATION COMMISSION
FROM: MARIA J. SOBOTA, CHIEF FINANCIAL OFFICER
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SUBJECT: FUND 400 CASH BALANCE - INFORMATIONAL MEMORANDUM

Purpose

This memo summarizes information related to the Cash Balance Policy for the period ending January 31, 2017.

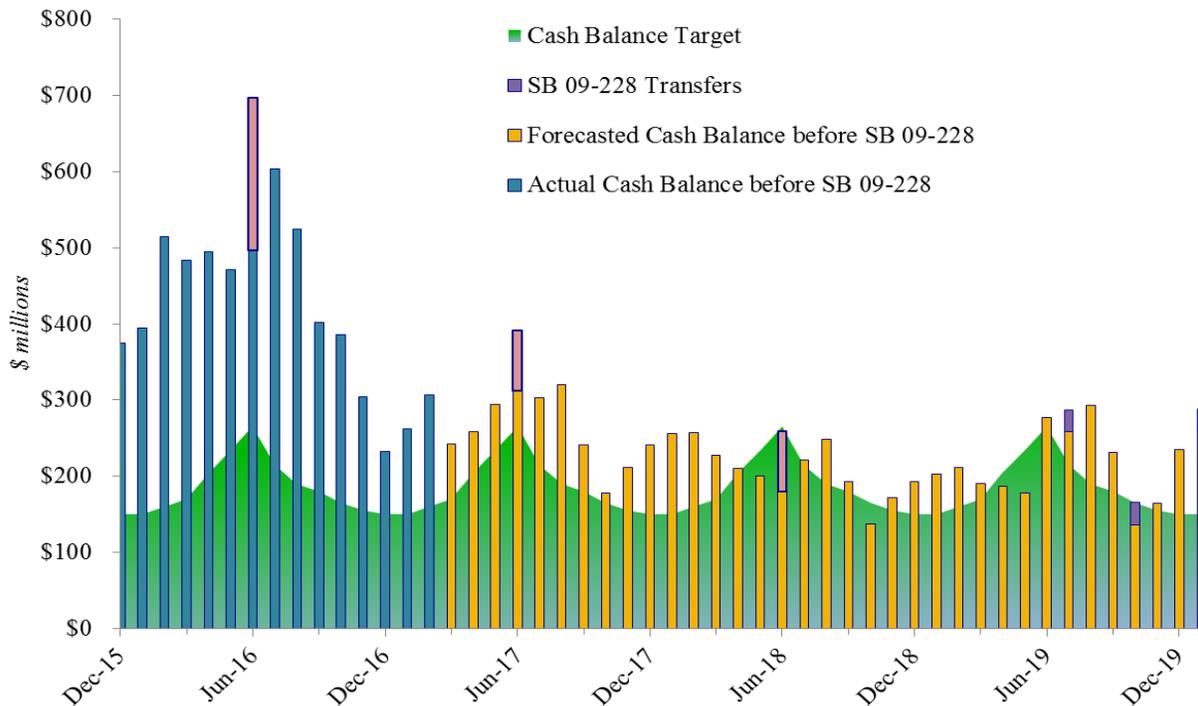
Action

This is for information only. No action is requested or required of the Transportation Commission (TC) regarding this item.

Summary

The total cash balance in Fund 400 (Capital Construction) was \$298 million at the end of February 2017, versus a forecast of \$289 million. This balance is \$138 million higher than the minimum cash balance target of \$160 million this period. Low-season revenues and continuing contract expenditures should continue to reduce this excess until June 2017, when an additional \$79 million of planned SB 09-228 funds should be deposited in the fund. Staff has identified several risk items between calendar years 2018 and 2019. At this point in time the risk items are categorized as minor since, the cash balance recovers quickly above the threshold within the following months of the risk items. Staff will continue to monitor and report any significant changes in the future. Figure 1 below depicts the projected cash balance forecast against the (green area) cash balance targets.

Figure 1 – Fund 400 Cash Balance Forecast





Forecast Model Parameters

Enhancements: The model has been updated to be a rolling three year forecast, from a fixed 36-month view of the forecast. There is increased visibility into the future of cash balance thresholds.

State and Federal Revenues: There have been no significant changes over the past few months to the assumptions for State and Federal revenues.

Fund 400 Expenditures: Department Staff will continue monitoring the expenditure plans for large project such as Central 70, I-25 North, I-25 South, C-470 and the Headquarters and Regional Office projects. As new information is available it will be included in the model. The total CDOT expenditure forecast for CY 2017 is compiled by the Project Management Office (PMO). Project data is compiled and consistent with the PMO practice to adjust downward this expenditure forecast by 10%, the estimated expenditures to expend through Fund 400 in 2017 is \$643 million. Peak expenditures are forecasted to expend in CY 2018 to be around \$706 million. See Table 2 for a summary.

Table 2– Fund 400 Forecasted Expenditures under Existing and New Construction Contracts*

<i>Expenditure Schedule</i>		<i>2015 Actual</i>	<i>2016 Actual</i>	<i>2017 Forecast</i>	<i>2018 Forecast</i>	<i>2019 Forecast</i>	<i>2020 Forecast</i>
PMO	Grade A	\$697,910,724	\$667,765,492	\$643,200,000	\$263,900,000	\$67,700,000	\$0
PMO	Grade B	\$0	\$0	\$0	\$354,900,000	\$284,800,000	\$0
OCM	Grade C	\$0	\$0	\$0	\$87,100,000	\$276,000,000	\$9,700,000
Total Expenditures		\$697,910,724	\$667,765,492	\$643,200,000	\$705,900,000	\$628,500,000	\$9,700,000
Year Over Year % Change			-4.32%	-3.68%	9.75%	-10.96%	-98.46%

**This includes only Fund 400 expenditures. It excludes Bridge enterprise projects. The Grade A expenditure category is SAP project expenditure data reviewed and validated by PMO. Grade B is PMO un-reviewed project data. Grade C is the expenditure schedule that is set by the forecast model.*

Next Steps

Department staff will continue monitoring the cash balance, and report significant changes in the forecast to the Transportation Commission in the Information Tab of the TC packet.