



MEMORANDUM

TO: THE TRANSPORTATION COMMISSION
FROM: JEFF SUDMEIER, CDOT CHIEF FINANCIAL OFFICER
JOSH LAIPPLY, CDOT CHIEF ENGINEER
JANE FISHER, DIRECTOR, PROGRAM MANAGEMENT OFFICE (PMO)
DATE: OCTOBER 18, 2018
SUBJECT: MONTHLY CASH AND PROGRAM MANAGEMENT INFORMATION UPDATE

Purpose

To provide an update on cash and program management, including forecasts of monthly revenues, expenditures, and cash balances in Fund 400, the State Highway Fund.

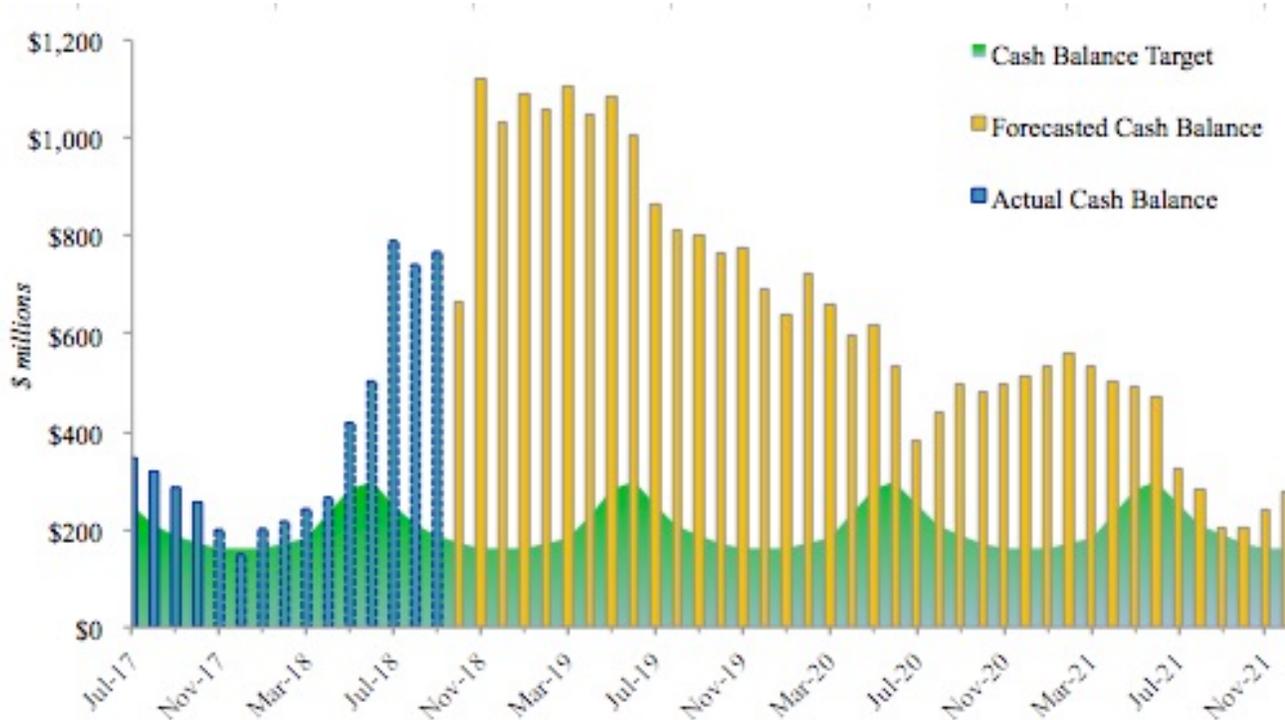
Action

No action requested or required.

Background

Figure 1 below depicts the forecast of the closing Fund 400 cash balance in each month, as compared to the targeted minimum cash balance for that month (green shaded area). The targeted minimum cash balances reflect the Transportation Commission’s directive (Policy Directive #703) to limit the risk of a cash overdraft at the end of a month to, at most, a probability of 1/1,000 (1 month of 1,000 months ending with a cash overdraft).

Figure 1 – Fund 400 Cash Forecast





The closing cash balance in September 2018 was \$767 million; \$577 million above that month's cash balance target of \$190 million. The large cash balance results from the June SB 09-228 General Fund transfer of \$79 million and the July SB 18-001 General Fund transfer of \$346 million.

In July 2018 the Transportation Commission approved the allocation of \$346 million in SB 18-001 funds to projects and programs. Even with the expected availability of \$425 million of SB 17-267 funding in November 2018, cash balances will be drawn down closer to the target balances over the course of fiscal years 2019 and 2020 as projects funded with SB 18-001 and SB 17-267 progress through construction.

September's closing cash balance is \$23 million below the August forecast of that balance. Expenditures were \$105 million, \$35 million lower than forecasted due to payments to construction contractors. Revenues in September were \$132 million, \$12 million lower than forecasted, as the lower payments to contractors translated into lower receipts from Federal Aid programs. From January to September 2018, revenues were \$1.68 billion, 39 percent higher than the same period in calendar year 2017; and expenditures were \$1.1 billion, 5 percent lower than the same period in calendar year 2017.

Cash Revenues

The forecast assumes that CDOT will receive no funds after November 2019 under SB 09-228, SB 17-267 or SB 18-001.

The closing of the first tranche of SB 17-267 certificates of participation in September 2018, with face values totaling to \$380 million, is expected to generate \$380 million with premium of \$45 million. While this amount is included in the revenue forecast, these funds will only be drawn into Fund 400 from the trustee when CDOT requires them.

Colorado received an additional \$69 million of federal obligation authority for the federal fiscal year 2018 in the FHWA's annual redistribution of that authority, significantly greater than CDOT's forecast of \$40 million. Given that FY 2018 is the third consecutive year in which Colorado's actual redistribution amounts have exceed forecasts, the forecasts of this amount in FY 2020 and subsequent years are increased from \$40 million to \$50 million.

Cash Payments to Construction Contractors

The current forecast of payments to construction contractors under state contracts (grants paid out under inter-government agreements for construction are accounted for elsewhere in the expenditure forecast) from Fund 400 is shown in Figure 2 below.

Figure 2 – Forecasted Payments - Existing and New Construction Contracts

<i>\$ millions</i>	CY 2016 (actual)	CY 2017 (actual)	CY 2018 (forecast)	CY 2019 (forecast)	CY 2020 (forecast)	CY 2021 (forecast)
Total Expenditures	\$ 664	\$ 636	\$ 570	\$ 830	\$ 725	\$ 690

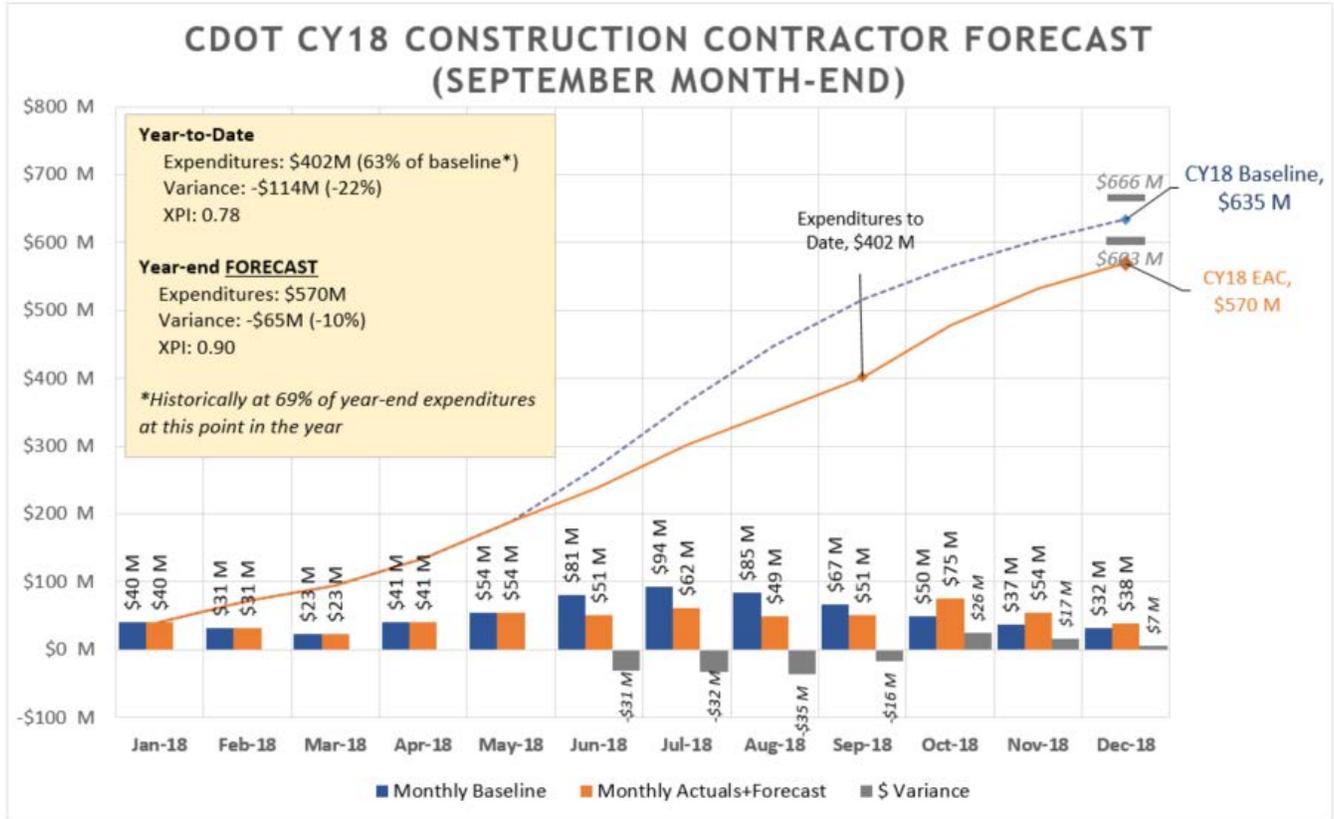
The forecast includes payments associated with the allocation of \$420 million of SB 18-001 funds and SB 17-267 funds to ten projects that were either approved for those funds by the Transportation Commission in July 2018 or are presented to the Transportation Commission in October 2018 for approval.

Across both Fund 400 and Fund 538 (the Colorado Bridge Enterprise Fund), payments to construction contractors are forecasted by the PMO to be about \$570 million (\$537 million if Bridge Enterprise is not included), about ten (10) percent under the target of \$635 million established in May 2018.





Figure 3 - Calendar Year 2018 Construction Payments Forecast (Fund 400 and Fund 538)



Across both Fund 400 and Fund 538, payments to construction contractors were \$402 million from January to September, \$114 million below the target established in May 2018, and 63 percent of the target set for the calendar year 2018. Historically, CDOT has paid out about 69 percent of its payments to construction contractors during a calendar year by the end of September.

Only one project in the Responsible Acceleration of Maintenance and Partnerships (RAMP) program remains to be awarded: a locally administered project to extend the Boulder Canyon Trail, adjacent to SH119, with a budget of \$5.5 million. This project is scheduled to be let in October 2018.

