
Capital Improvements Plan: FY 2002 – FY 2007 Highway Trust Fund

Background

The Department of Public Works (DPW) – Transportation Facilities division is responsible for the implementation of all capital improvements to streets, highways, and bridges (except those under the jurisdiction of the National Park Service, Pennsylvania Avenue Development Corporation, and the Architect of the Capitol). Capital improvements to these facilities include:

- Resurfacing and reconstructing deteriorated roadways
- Resurfacing, reconstructing, and structural repairs to deteriorated bridges
- Constructing missing links in the roadway network
- Improving safety conditions
- Improving traffic flow and roadside aesthetics
- Installing and repairing signaling systems

The mission of the Transportation Facilities division is:

To help improve the District's economic competitiveness and quality of life by planning and coordinating the transportation system, and managing and maintaining the transportation infrastructure, to provide for the safe, efficient movement of people, goods and information along public rights-of-way.

The inventory of streets and highways under the District's jurisdiction extends approximately 1,421 centerline-miles of urban roads. The streets and highways consist of two-lane residential streets up to multilane Interstates. There are 229 (Federal Aid Match) bridges that range from crossings over minor drainage ways to the interstate highway bridges over the Potomac and Anacostia Rivers. Approximately 400 of the 1,020 (or 39.2 percent) miles of streets and highways are eligible for Federal Aid Match, as are most bridges. Federal Aid Match is granted for (approximately) 80 percent of the construction, design and project management costs of an eligible roadway

project provided that the District match the remaining (approximately) 20 percent.

Over the past 25 years the District invested in excess of \$5 billion in Federal and District capital funds for transportation aid highway projects (not including special appropriations from the U.S. Congress for the Washington Transit system). Although the District placed great emphasis on its transportation infrastructure, investing a substantial portion of its capital financing to the program, the District fell far short of meeting the financial needs of the Federal grant matching requirements and the overall transportation improvement program. As a result, a "backlog" of deferred road and bridge maintenance requirements developed rapidly and compounded at a greater rate than typical maintenance efforts could sustain. Magnifying this problem was the District's obligation to pay back the deferred local match to Federal grants and to match future transportation grants or forfeit Federal funding.

Given the size of the local share for transportation, the District could not continue financing its transportation needs exclusively through the issuance of general obligation bonds. In order to bridge the gap between financing and capital improvements requirements (and as mandated by the Congress), the D.C. Highway Trust Fund (the "Highway Trust Fund") was established in FY 1995.

Overview

Over the six-year period FY 2002 to FY 2007, the Highway Trust Fund anticipates \$1.3 billion in funding and \$1.3 billion in planned expenditures. It contains 27 projects and 503 subprojects.

During FY 2002, the Highway Trust Fund identifies \$302 million in total planned funding¹. This represents 44 percent of total funding for the entire FY 2002 Capital Budget. Additionally, the FY 2002 Highway Trust Fund identifies \$302 million in planned

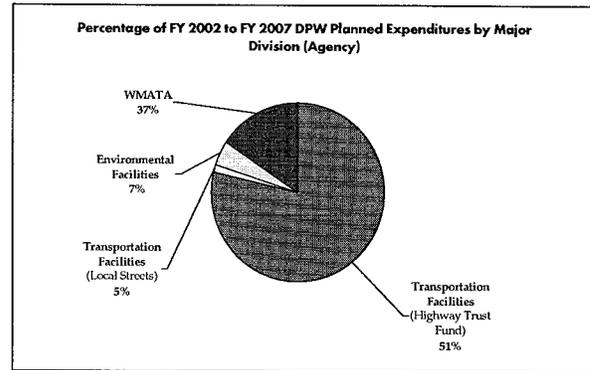
¹ Figure includes beginning fund balances as outlined in the Cash Flow Proforma.

expenditures². This represents 40 percent of total expenditures for the entire FY 2002 Capital Budget. The following table provides a brief overview of the FY 2002 to FY 2007 Highway Trust Fund.

Overview	Figure
Number of Ongoing Projects	21
Total Number of Ongoing Subprojects	498
Number of New Projects	5
Number of New Subprojects	17
Total Number of Projects	26
Total Number of Subprojects	503
Total FY 2002 Planned Funding	\$302,215,000
Total FY 2002 through FY 2007 Planned Funding	\$1,368,526,000
Total FY 2002 Planned Expenditures	\$302,215,000
Total FY 2002 through FY 2007 Planned Expenditures	\$1,368,526,000
Six-Year Highway Trust Fund Anticipated Balance	12,143,555

In order to comprehend the magnitude of the Highway Trust Fund, it is necessary to understand the Highway Trust Fund’s relationship to the overall capital program and the entire FY 2002 through FY 2007 CIP and FY 2002 Capital Budget. In this way, it is possible to see anticipated growth or decline in the program. Additionally, the analysis acts as a starting point, a benchmark for future funding and expenditure comparisons.

The chart below breaks down DPW’s FY 2002 planned expenditures into four major divisions: Transportation Facilities (Highway Trust Fund), Transportation Facilities (Local Streets) and the Washington Metropolitan Area Transit Authority – WMATA. It is clear from the chart that Transportation Facilities (Local Streets and Highway Trust Fund) is the largest and most expensive division in the DPW portfolio.



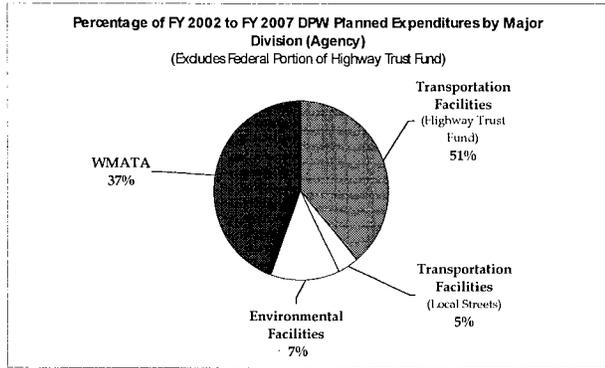
Data used to develop the chart above is as follows:

DPW Major Division (Agency)	FY 2002 Planned Expenditures
Transportation Facilities (Highway Trust Fund)	302,512,000
Transportation local street maintenance (Local Streets)	17,000,000
DPW Local Facilities /Maintenance	63,267,000
Washington Metropolitan Area Transit Authority (WMATA)	65,600,000
Total	\$448,379,000

The next chart is similar to the first. However, in the following instance, the data covers planned expenditures over the six-year period FY 2002 through FY 2007. Notice the consistency in Transportation Facilities planned expenditures from the previous chart (59 percent) to the information below (56 percent).

² Figure includes District’s portion (local share) and Federal portion (Federal Aid) of expenditures.

through FY 2007. Notice the consistency in Transportation Facilities planned expenditures from the previous chart (59 percent) to the information below (56 percent). This shows major planned expenditures reach well into the outyears for Transportation Facilities.



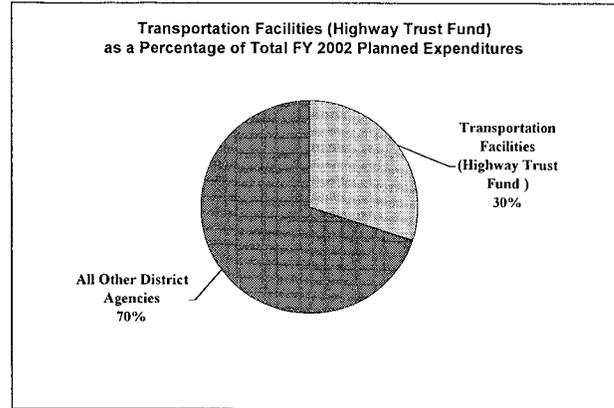
Data used to develop the chart above is as follows:

DPW Major Division (Agency)	FY 2002 - FY 2007 Planned Expenditures
Transportation Facilities (Highway Trust Fund) ³	236,502,000
Transportation Facilities (Local Streets)	23,000,000
Environmental Facilities	77,610,000
Washington Metropolitan Area Transit Authority (WMATA)	270,700,000
Total	\$607,812,000

Clearly, Transportation Facilities (Highway Trust Fund) plays the 2nd largest financial and programmatic role in DPW's capital program. It is therefore necessary to understand how the Transportation Facilities (Highway Trust Fund)

relates to the overall FY 2002 through FY 2007 CIP and FY 2002 Capital Budget.

The chart below shows Transportation Facilities (Highway Trust Fund) as a percentage of total FY 2002 planned expenditures.



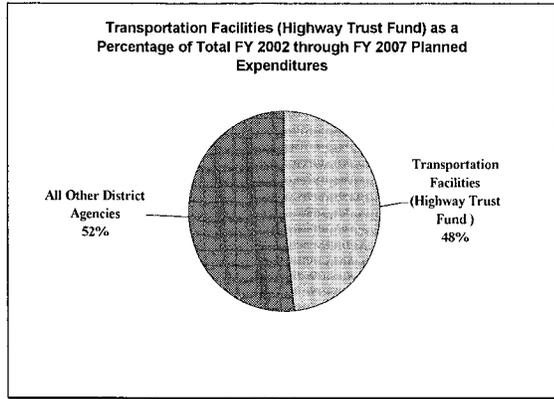
Data used to develop the chart above is as follows:

Agency	FY 2002 Planned Expenditures
Transportation Facilities (Highway Trust Fund) ⁴	302,512,000
All Other District Agencies	708,993,000
Total	\$1,011,505,000

³ Figure for FY 2002 through FY 2007 planned expenditures is for District's portion (local share) of the Highway Trust Fund only. The figure does not include the Federal portion (Federal Aid) of expenditures.

⁴ This figure includes the District's portion (local share) of \$48,725,000 plus the Federal portion (Federal Aid) of \$253,786,000

The chart below is similar to the chart on the previous column. However, in the following instance, the data covers total FY 2002 through FY 2007 planned expenditures.



Data used to develop the chart above is as follows:

Agency	FY 2002 - FY 2007 Planned Expenditures
Transportation Facilities (Highway Trust Fund) ⁵	1,368,526,000
All Other District Agencies	2,348,456,000
Total	\$3,716,982,000

As demonstrated on the previous pages, the Highway Trust Fund plays a key financial role in the District’s overall capital program. Consequently, it is imperative that the District monitor planned vs. actual spending in order to ensure consistent Highway Trust Fund expenditure patterns. Failure to capture the estimated \$250 million annual FHWA match funding would have severe negative impacts on the District’s economy.

District of Columbia Emergency Highway Relief Act of 1995

In FY 1995, as a result of the District’s inability to finance its local matching requirements under the Federal Highway program, the Congress passed “The District of Columbia Emergency Highway Relief Act of 1995” (PL 104-21). Pursuant to the Act, the District has pledged proceeds of the Motor Fuel Tax to the Highway Trust Fund.

The Highway Trust Fund’s mission is to:

- Pay back the waived local match
- Pay the local match for obligated Federal Aid Match projects
- Match future transportation grants
- Use the remaining balances for capital improvements to local streets and roads

In addition, the Highway Trust Fund has been used to finance:

- Local street “pot hole” repairs
- A portion of the personnel costs related to the implementation of the transportation facilities program
- Non-participating Federal Aid Match cost related to transportation facilities such as sewer cleaning
- Storm drain improvements and retaining walls

In order to assure that the District does not repeat the events that gave rise to the District of Columbia Emergency Highway Relief Act, wherein the District did not have sufficient resources to meet its local match, four primary guidelines for ensuring accountability were established in the FY 1999 through FY 2004 Capital Improvements Plan and FY 1999 Capital Budget and will continue to be utilized in the FY 2002 through FY 2007 CIP. The four guidelines are as follows:

⁵ Includes District’s portion (local share) of \$237 million plus the Federal portion (Federal Aid) of \$1.3 billion.

Guideline 1: Transportation projects are prioritized based on the following criteria⁶:

Priority
1. The Bridge and Pavement Management System (BPMS) structural deficiency rating
2. Safety
3. High accident location analysis
4. Congressional and District mandates
5. Air quality mitigation projects
6. Lighting needs
7. Traffic signal repairs
8. Aesthetics

Project
1. Projects funded in whole or in part by Federal Highway Administration grants with a corresponding local match (Highway Trust Fund projects)
2. Projects which are to be exclusively funded by the District (local streets projects)

Guideline 2: Cost estimates are determined for the following factors:

Cost Estimate Factor
1. Design
2. Project Management
3. Construction

Guideline 3: Cash flow analysis is developed based on the following factors:

Cash Flow Factors
1. Possible beginning balances
2. Prior year spending
3. Planned agency expenditures
4. Anticipated Motor Fuel Tax revenue

Guideline 4: Separate projects are created for the following:

⁶ See Appendix C for future information on the methodology for evaluating new transportation projects.

Projected Spending

In view of the matching requirements of the Highway Trust Fund, all local street capital improvements (59 percent of the total miles of streets and highways are under the District’s jurisdiction) are financed with general obligation bonds. Proceeds of the Motor Fuel Tax are pledged in order to leverage the Federal Highway Administration grants.

The FY 2002 Highway Trust Fund planned expenditures are based on the following three expenditure priorities (responsibilities):

Spending Priority (Responsibility)
1. Federal Aid projects requiring a local match
2. Salaries and Non-Federal Aid Match participating cost
3. 100 percent local funded capital projects

Efficient use of scarce resources and accurate expenditures projections, as well as monitoring of the actual cash flows for the Highway Trust Fund, are essential in keeping expenditures in line with projected revenues. DPW – Transportation Facilities division defers implementation of capital projects when necessary to maintain a balance in the Highway Trust Fund. Two critical factors affecting the expenditure projections are:

- Executing contracts in the prescribed manner and in accordance with established guidelines
- Ensuring that contractor payments are made in a timely manner

With the revised expenditures plans (as detailed in the project descriptions herein), DPW is currently addressing the pressing transportation infrastructure requirements of the District, utilizing its obligated authority from the Federal Highway Administration, and remaining within its expenditures constraints.

Revenue Volatility

As stated earlier, the Highway Trust Fund is dependent solely on the Motor Fuel Tax in order to:

- Pay the current portions of local match for the Federally aided projects

- Match future grants at the required ratio
- Meet other expenditures associated with road improvements incurred by the Highway Trust Fund

Historically, the Motor Fuel Tax has proven highly volatile. A number of economic, environmental, and consumer factors impact on the levels of the Motor Fuel Tax receipts available to the District over any given comparison period. Therefore, it is important to understand the significant range of fluctuations in the Motor Fuel Tax receipts from year to year. Moreover, the fluctuations do not readily establish a pattern that is useful for accurate forecasting of receipts.

Obligations for Federally matched projects must be carefully considered and monitored in light of the highly volatile motor fuel tax revenue stream. Although a “base-case” can be constructed using reasonable assumptions; it is important to note the extreme sensitivity of the Highway Trust Fund to minor changes in revenue estimates. This is particularly important given DPW’s historic strategy of maximizing obligations for Federally matched projects. As a result, careful monitoring of the actual cash flows from the Motor Fuel Tax are conducted on an on-going basis to ensure that obligations for anticipated Federally matched projects do not exceed the revenue base of the actual cash inflow from the Motor Fuel Tax.

Highway Trust Fund Amendment Act of 2001

In FY 2001, The Council of the District of Columbia amended the Highway Trust Fund Act of 1996. Pursuant to an act of Congress, The Highway Trust Fund Amendment Act of 2001 mandates the following provisions:

- A. Establishes a separate fund from the General Fund of the District of Columbia called the “Maintenance Fund”. All revenue derived from the collection of the public rights-of –way user fees, charges and penalties, and all other revenues authorized to be collected by Department of Public Works’ Division of Transportation, shall be deposited in the Maintenance Fund without regard to Fiscal Year limitation.
- B. Any excess monies remaining in the Highway Trust Fund (after the requirements of section 3

of the Highway Relief Act have been met and remaining balances not necessary for the purposes outlined in Title 23 of the United States Code), based on the 6-year projected trust fund performance, shall be deposited in the Local Constriction and Maintenance Fund.

- C. The fees deposited into the Maintenance Fund shall not revert to the General Fund of the District of Columbia at the end of any fiscal year or at any other time, but shall be continually available exclusively for the renovation, repair, and maintenance of local transportation infrastructure including streets, alley's, sidewalks, curbs, gutters and streetlights that are not eligible for federal aid.

Cash Flow Proforma

The Highway Trust Fund Cash Flow Proforma

The Cash Flow Proforma summarized herein establishes estimated budgets for each category ("Phase") of expenditures within the Highway Trust Fund transportation program. To produce an accurate Cash Flow Proforma, several departments within the Office of the District's Chief Financial Officer must provide timely and accurate up-to-date schedules and forecasts to the Department of Public Works for preparation of the Cash Flow Proforma.

The Cash Flow Proforma is based on individual budget and cost estimates for available subproject funding. The specific cost estimate categories are as follows:

Cost Estimate Category	Description
Project Management Budget	Inclusive of DPW salaries for personnel working on Federal Aid Match eligible projects. This also includes costs associated with construction management.
Non-participating Costs Budget	Inclusive of costs not eligible for Federal Aid Match. This includes overhead cost in excess of the 15 percent of construction cost covered by the FHWA, utility costs, water and sewage line repairs and cleaning, and construction

	enhancements not covered by the FHWA.
Design, Site, Equipment, and Construction Budget	Expenditures eligible for Federal Aid Match. Inclusive of all costs related to the development and construction of transportation projects.
Local Streets Budget	Beginning in FY 1997, all street improvements related to non-Federal Aid Match eligible streets are financed through the issuance of general obligation bonds.

The Cash Flow Proforma includes actual beginning fund balances for the District's portion (local share) and the Federal portion (Federal Aid). The initial beginning fund balances are based on fund balances as reported in the District's Comprehensive Annual Financial Report. Future Beginning Fund Balances are based on projects that are in the "pipeline" for implementation. This does not represent a backlog of projects awaiting future action. Rather, the pipeline (beginning fund balances) represents those ongoing projects that have been funded by the District (approximately 20 percent) and matched by Federal Aid (approximately 80 percent) but are not yet complete. For budgeting and reporting purposes, it is necessary to show these beginning fund balances. In this way, sources and uses are accurately noted and the magnitude of the program is more clearly presented.

Cash Flow Proforma Methodologies

Determining Interest Rates for use in the Highway Trust Fund Forecasts: There are several factors that determine the interest rates on District investment, including the state of the U.S. economy and the level of certain short-term interest rates established by the Federal Reserve. Therefore, it is difficult to accurately predict what interest rates will be in the future. The best predictor of future interest rates are current interest rates, given that all available information on the current and future condition of the economy and the financial marketplace are factored into the current interest rates. However, due to the variable nature of interest rates, it is prudent to be conservative in estimating future interest rates. Given the District's permitted investment instruments and the nature of the District's pooled cash investments, the interest rates that the District earns on its pooled cash investments closely approximate the federal funds rate

(the interest rate that banks charge each other for overnight loans). In consideration of the above, the Office of Finance and Treasury (OFT) executes the following procedures to determine an annualized interest rate that the Department of Public Works (DPW) can use projected interest earnings on funds held by the District in association with the Federal Highway Trust Fund:

1. Determine the Target Federal Funds Rate established by the Federal Reserve as of close of business on the business day preceding the submission, December 31st, April 14th, July 14th, and October 14th of each year.
2. Subtract 25 basis points, i.e., 0.25 percent, from the Target Federal Funds Rate indicated in item "1" above.
3. Submit a memorandum from OFT to DPW stating that, as of the date of the memorandum and until further notice, the rate determined by the calculation in item "2" above shall be the annualized interest rate used in its forecasts.

Generating the revenue estimates within

OTR/TEPA: The auto-regressive integrated moving average (ARIMA) approach is the most appropriate statistical method to forecast a time series of data, such as the consumption information collected for this revenue source. ARIMA procedure looks at the history of a series in order to predict future levels of the series. The model predicts quarterly motor fuel consumption for 10 quarters that provide estimates for:

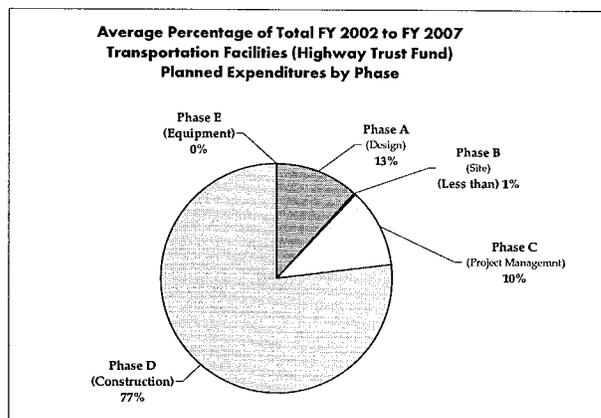
- The last two quarters of the current fiscal year
- All four quarters of the upcoming fiscal year
- All four quarters of the subsequent years

In the out-years of the forecast period, straight-line estimates were chosen, since the ARIMA model is better at predicting closer data points. The rate of change during the FY 2000 through FY 2001 period was a decrease of 0.9 percent per year, and this rate was used to calculate the estimates for FY 2002 through FY 2006.

Creating the Cash Flow Proforma: The Department of Public Works identifies projects based on D.C. Six-Year Transportation Actions and Investment Plan, Transportation Improvement Program, 20-Year Financial Plan, and the Strategic Transportation Plan.

These plans are based on data generated by the Bridge Management System, the Pavement Management System, and safety and high accident location analyses. Also, projects are identified by congressional and City Council mandates, air quality mitigation issues, lighting needs and traffic operations improvements.

The costs of planning, design, project management, and the construction phases are inclusive components of the total cost of the project. The cost for each phase is broken out into quarters within fiscal years. The sum of all of the projects spending by phase is put into a spreadsheet to determine what the actual projected spending is for each fiscal year. That number is compared to the balance in the Highway Trust Fund to determine if adequate financing is available to proceed with all of the projects. The Highway Trust Fund Proforma is developed from DPW' spending plans and from the estimated revenues dedicated to the District's Highway Trust Fund.



Data used to develop the chart above is as follows:

Phase	Total FY 2002 - FY 2007 Planned Expenditures (dollars in thousands)
Phase A – Design	158,017
Phase B – Site	4,100
Phase C – Project Management	154,378
Phase D – Construction	1,052,031
Phase E – Equipment	0
Total	\$1,368,526

Federal Aid Match Obligation

The District expects to receive \$110 million annually under the BESTEA/ISTEA program⁷. The Cash Flow Proforma model demonstrates that assuming the agency manages within the subproject budgets; it will have the necessary resources to meet the required local share match for the projects undertaken.

Please note that any variances from the sub-project budgets in either negative construction costs, project management costs and/or non-participating costs will require a reduction or implementation delay of other sub-projects defined in this budget.

In previous years, the assumption was to finance subproject negative variances from future additions of other revenue and/or debt sources. The FY 1998 Capital Budget acknowledged that the District's portion of the transportation program is funded exclusively with proceeds from the Motor Fuel Tax and therefore must manage and operate solely within the constraints of the Motor Fuel Tax revenue source. The FY 2002 Capital Budget continues to rely on that policy and strives to ensure its full compliance.

The FY 2002 through FY 2007 DPW – Transportation Facilities expenditures plan projects \$1.3 billion of total expenditures (local and Federal). The FY 2002 proposed budget envisions a total design and construction budget of \$1.3 billion. Historically, the largest transportation program implemented by DPW entailed approximately \$150 million of total expenditures (local and Federal). Therefore, the successful implementation of a program of this magnitude will require coordination among various District agencies, as well as increases in the project management budget as indicated herein. DPW will continue to staff the increases in personnel requirements through increases in its construction management contracts.

Revolving Fund

Pursuant to PL 104-21 §4(b), the District is required to maintain an independent revolving fund in the amount of \$5 million reserved for the prompt payment of contractors completing transportation projects in the

District. The revolving fund is a bank account where cash (revenue) is wire-transferred from the Federal Highway Administration to the revolving fund bank account as a result of the District's weekly billing cycle. Subsequently, the same amount is transferred from the revolving fund bank account to the custodial account in order to reimburse the custodial account for Federal Highway financed expenditures.

During FY 1996 the District borrowed \$5 million from the U.S. Treasury to capitalize the Revolving Fund. During FY 1997, the District refinanced the U.S. Treasury loan with general obligation bonds. Final repayment of the U.S. Treasury loan was made in FY 1998.

Summary

It is clear, the District is at a crossroads in its transportation program. The Office of Budget and Planning – Capital Division is working with the Department of Public Works – Transportation Facilities Division to reverse the decline in the condition and performance of District streets, highways, and bridges.

In order to accomplish this goal, the Department of Public Works has developed a Strategic Transportation Plan which identifies the transportation strategies that will position the District as a world class capital. Additionally, joint efforts such as the *Multi-modal Transportation Needs and Candidate Actions and Investments Report* between the U.S. Department of Transportation (USDOT) and the Department of Public Works, provide a solid foundation for a Strategic Transportation Action and Investment Program. This type of effort serves as the first step in implementing the District's long-range Strategic Transportation Plan.

It is also clear that the Highway Trust Fund has a key financial and programmatic role in the District's overall transportation plan. Moreover, the Highway Trust Fund will continue to have a leading role in the District's Strategic Transportation Plan in the future. This volume outlines the financial resources necessary for the DPW – Transportation Facilities Division to carryout its mission as outlined earlier and detailed in the project description forms that follow.

If the District is to raise the standards for its transportation system, it will require enhanced local and regional funding. Focusing on the needs of the Highway Trust Fund will certainly prevent a similar

⁷ The District estimates \$110 million based on Federal guidelines for estimating subproject (location) expenditures.

situation the District experienced leading up to and including FY 1995.

Finally, the FY 2002 through 2007 Capital Improvements Plan and FY 2002 Capital Budget emphasizes working together in order to succeed. It is therefore critical that the Highway Trust Fund connects this resource to the result of better transportation infrastructure in the District. In order to accomplish this, management must be diligent in adhering to the following principles and guidelines:

- Maximizing the construction projects implemented within the Transportation Program;
- Managing the Highway Trust Fund within the constraints of the proceeds of the Motor Fuel Tax;
- Maintaining diligence in the review of sub-project budgets;
- Paying close attention to the issues of coordination of contract review and procurement processing; and
- Becoming proactive in the implementation of contractual construction.

HIGHWAY TRUST FUND
Cash Flow Proforma

	Local Share' FY 2000	Federal Aid ² FY 2000	Total FY 2000	Local Share' FY 2001	Federal Aid ² FY 2001	Total FY 2001
Sources						
Beginning Trust Fund Balance	56,365,993 ⁴	514,137,480 ³	570,503,473	65,962,663	505,194,254	571,156,917
Interest Earnings ⁵	3,615,314	0	3,615,314	4,156,306	0	4,156,306
Motor Fuel Tax	31,829,159	0	31,829,159	31,000,000	0	31,000,000
Federal Aid Apportionment ¹⁰	0	111,968,000	111,968,000	0	118,600,000	118,600,000
Subtotal Sources	91,810,466	626,105,480	717,915,946	101,118,969	623,794,254	724,913,223
Uses						
Estimated Project Management Costs ⁶	2,759,309	12,488,700	15,248,009	2,356,491	14,438,357	16,794,848
Estimated Non-Participating Costs ⁷	(547,490)	0	(547,490)	1,604,905	0	1,604,905
Estimated Design, Site, Construction & Equipment Costs ⁸	21,800,574	108,422,526	130,223,100	29,546,118	173,241,957	202,788,075
Subtotal Uses	24,012,393	120,911,226	144,923,619	33,507,514	187,680,314	221,187,828
Less: Adjustment Entry ¹³	7,339					
Total	24,005,054					
Prior Year Adjustment ¹²	(1,842,749)	0	0	0	0	0
Ending Highway Trust Fund Balance¹¹	65,962,663	505,194,254	571,156,917	67,611,455	436,113,940	503,725,395
Revolving Highway Trust Fund Balance⁹	5,000,000	0	5,000,000	5,000,000	0	5,000,000

1 Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.
 2 Federal Aid Match commitment balances (Federal Obligations) and projection of matching grants.
 3 This includes the reallocation of \$173 million from the Barney Circle project to be used as follows: \$98 million for local streets and \$75 million for special Federal Initiatives.
 4 Fiscal Year local share beginning balance represents cash and investments less the revolving fund amount.
 5 Interest earnings are estimated based on a percentage of annual revenues, minus expenditures.
 6 Project Management consists of salaries of in-house employees and contracted construction management services
 7 Non Participating Costs are those costs not eligible for Federal Aid Match and include overhead costs in excess of the 15% of construction costs, utility and sewage repairs and construction enhancements not covered by the Federal Highway Administration.
 8 Construction, Design, Site and Equipment expenditures are eligible for Federal Aid Match.
 9 The District maintains a revolving fund to ensure the timely payment of contractors.
 10 The Apportionments are greater than the amount that can be obligated each year. The obligation ceiling limits the obligation in a given year to approximately 81% of the apportionments.
 11 Ending Balance (Fund Balance) - Equals sources of funds less uses of funds; or total assets less total liabilities obtained from the Balance Sheet (Financial Statements)
 12 The Non-Participating cost of (\$547,490) and the Prior Year Adjustment amount of (\$1,815,878) resulted from the "split-conversion" of FY 1999 and FY 2000.
 13 The \$7,339 subtracted from the Sub Total of Uses of Fund was an "erroneous entry" in Fund 0320 (HTF) Acct, carried through to the Financial Statements.

Highway Trust Fund
Cash Flow Proforma

	Local Share ¹ FY 2002	Federal Aid ² FY 2002	Total FY 2002	Local Share ¹ FY 2003	Federal Aid ² FY 2003	Total FY 2003
Sources						
Beginning Trust Fund Balance	67,611,455 ⁴	436,113,940 ³	503,725,395	53,623,035	292,328,190	345,951,225
Interest Earnings ⁵	3,737,194	0	3,737,194	2,972,807	0	2,972,807
Motor Fuel Tax	31,000,000	0	31,000,000	31,000,000	0	31,000,000
Federal Aid Apportionment ¹⁰	0	110,000,000	110,000,000	0	110,000,000	110,000,000
Subtotal Sources	102,648,649	546,113,940	648,462,589	87,595,842	402,328,190	489,924,032
Uses						
Estimated Project Management Costs ⁶	4,435,285	24,111,194	28,546,479	4,943,215	23,892,291	28,835,506
Estimated Non-Participating Costs ⁷	2,445,039	0	2,445,039	2,298,600	0	2,298,600
Estimated Design, Site, Construction & Equipment Costs ⁸	41,845,290	229,674,556	271,519,846	37,560,982	201,727,317	239,288,299
Subtotal Uses	48,725,614	253,785,750	302,511,364	44,802,797	225,619,608	270,422,405
Local Streets (not included in Total)	0	0	0	0	0	0
Ending Highway Trust Fund Balance¹¹	53,623,035	292,328,190	345,951,225	42,793,045	176,708,582	219,501,627
Revolving Highway Trust Fund Balance⁹	5,000,000	0	5,000,000	5,000,000	0	5,000,000

¹ Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.

² Federal Aid Match commitment balances (Federal Obligations) and projection of matching grants.

³ This includes the reallocation of \$173 million from the Barney Circle project to be used as follows: \$98 million for local streets and \$75 million for special Federal Initiatives.

⁴ Fiscal Year local share beginning balance represents cash and investments less the revolving fund amount.

⁵ Interest earnings are estimated based on a percentage of annual revenues, minus expenditures.

⁶ Project Management consists of salaries of in-house employees and contracted construction management services

⁷ Non-Participating Costs are those costs not eligible for FAM and include overhead costs in excess of the 15% of construction costs, utility and sewage repairs and construction enhancements not covered by the Federal Highway Administration.

⁸ Construction, Design, Site and Equipment expenditures are eligible for Federal Aid Match.

⁹ The District maintains a revolving fund to ensure the timely payment of contractors.

¹⁰ The Apportionments are greater than the amount that can be obligated each year. The obligation ceiling limits the obligation in a given year to approximately 81% apportionment.

¹¹ Ending balance (Fund Balance) Equals sources of funds less uses of funds; or total assets less total liabilities obtained from the Balance Sheet (Financial Statements)

Note: In future, Right-of-way revenues are anticipated to be a source of funding in support of transportation initiatives.

New Wall Street investments within the Transportation Trust Fund will also generate additional revenues to enhance the Department's ability to implement viable projects.

Highway Trust Fund
Cash Flow Proforma

	Local Share' FY 2004	Federal Aid ² FY 2004	Total FY 2004	Local Share' FY 2005	Federal Aid ² FY 2005	Total FY 2005
Sources						
Beginning Trust Fund Balance	42,793,045 ⁴	176,708,582 ³	219,501,627	31,727,682	87,519,586	119,247,268
Interest Earnings ⁵	2,291,587	0	2,291,587	1,884,156	0	1,884,156
Motor Fuel Tax	31,000,000	0	31,000,000	31,000,000	0	31,000,000
Federal Aid Apportionment ¹⁰	0	114,000,000	114,000,000	0	114,000,000	114,000,000
Subtotal Sources	76,084,632	290,708,582	366,793,214	64,611,838	201,519,586	266,131,424
Uses						
Estimated Project Management Costs ⁶	4,988,516	21,987,024	26,975,540	5,269,620	18,218,637	23,488,257
Estimated Non-Participating Costs ⁷	2,293,071	0	2,293,071	1,952,414	0	1,952,414
Estimated Design, Site, Construction & Equipment Costs ⁸	37,075,363	181,201,972	218,277,335	28,316,589	148,838,956	177,155,545
Subtotal Uses	44,356,950	203,188,996	247,545,946	35,538,623	167,057,593	202,596,216
Local Streets (not included in Total)	0	0	0	0	0	0
Ending Highway Trust Fund Balance¹¹	31,727,682	87,519,586	119,247,268	29,073,215	34,461,993	63,535,208
Revolving Highway Trust Fund Balance⁹	5,000,000	0	5,000,000	5,000,000	0	5,000,000

¹ Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.

² Federal Aid Commitment balances (Federal Obligations) and projection of matching grants.

³ This includes the reallocation of \$173 million from the Barney Circle project to be used as follows: \$98 million for local streets and \$75 million for Special Federal Initiatives.

⁴ Fiscal Year local share beginning balance represents cash and investments less the revolving fund amount.

⁵ Interest earnings are estimated based on a percentage of annual revenues, minus expenditures.

⁶ Project Management consists of salaries of in-house employees and contracted construction management services.

⁷ Non Participating Costs are those costs not eligible for FAM and include overhead costs in excess of the 15% of construction costs, utility and sewage repairs and construction enhancements not covered by the Federal Highway Administration.

⁸ Construction, Design, Site and Equipment expenditures are eligible for Federal Aid Match.

⁹ The District maintains a revolving fund to ensure the timely payment of contractors.

¹⁰ The Apportionments are greater than the amount that can be obligated each year. The obligation ceiling limits the obligation in a given year to approximately 81% apportionments.

¹¹ Ending balance (Fund Balance) - Equals sources of funds less uses of funds; or total assets less total liabilities obtained from the Balance Sheet (Financial Statements)

Note: In future, Right-of-way revenues are anticipated to be a source of funding in support of transportation initiatives.
New Wall Street investments within the Transportation Trust Fund will also generate additional revenues to enhance the Department's ability to implement viable projects.

Highway Trust Fund
Cash Flow Proforma

	Local Share ¹ FY 2006	Federal Aid ² FY 2006	Total FY 2006	Local Share ¹ FY 2007	Federal Aid ² FY 2007	Total FY 2007
Sources						
Beginning Trust Fund Balance	29,073,215 ⁴	34,461,993 ³	63,535,208	34,555,702	17,748,870	52,304,572
Interest Earnings ⁵	1,990,544	0	1,990,544	2,066,890	0	2,064,890
Motor Fuel Tax	31,000,000	0	31,000,000	31,000,000	0	31,000,000
Federal Aid Apportionment ¹⁰	0	114,000,000	114,000,000	0	114,000,000	114,000,000
Subtotal Sources	62,063,759	148,461,993	210,525,752	67,620,592	131,748,870	199,369,462
Uses						
Estimated Project Management Costs ⁶	4,617,783	15,099,963	19,717,746	5,717,829	16,845,416	22,563,245
Estimated Non-Participating Costs ⁷	1,555,097	0	1,555,097	1,981,685	0	1,981,685
Estimated Design, Site, Construction & Equipment Costs ⁸	21,335,177	115,613,160	136,948,337	27,872,964	134,808,013	162,680,977
Subtotal Uses	27,508,057	130,713,123	158,221,180	35,572,478	151,653,429	187,225,907
Local Streets (not included in Total)	0	0	0	0	0	0
Ending Highway Trust Fund Balance¹¹	34,555,702	17,748,870	52,304,572	32,048,114	(19,904,559)	12,143,555
Revolving Highway Trust Fund Balance⁹	5,000,000	0	5,000,000	5,000,000	0	5,000,000

1 Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.
 2 Federal Aid Match commitment balances and projection of matching grants.
 3 This includes the reallocation of \$173 million from the Barney Circle project to be used as follows: \$98 million for local streets and \$75 million for special Federal Initiatives.
 4 Fiscal Year local share beginning balance represents cash and investments less the revolving fund amount.
 5 Interest earnings are estimated based on a percentage of annual revenues, minus expenditures.
 6 Project Management consists of salaries of in-house employees and contracted construction management services
 7 Non Participating Costs are those costs not eligible for FAM and include overhead costs in excess of the 15% of construction costs, utility and sewage repairs and construction enhancements not covered by the Federal Highway Administration.
 8 Construction, Design, Site and Equipment expenditures are eligible for Federal Aid Match.
 9 The District maintains a revolving fund to ensure the timely payment of contractors.
 10 The Apportionment is greater than the amount that can be obligated each year. The obligation ceiling limits the obligation in a given year to approximately 81% apportionments.
 11 Ending balance (Fund Balance) - Equals sources of funds less uses of funds; or total assets less total liabilities obtained from the Balance Sheet(Financial Statements)
 Note: In future, Right-of-way revenues are anticipated to be a source of funding in support of transportation initiatives.
 New Wall Street investments within the Transportation Trust Fund will also generate additional revenues to enhance the Department's ability to implement viable projects.