

# MEMORANDUM

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**DEPARTMENT OF TRANSPORTATION**

4201 East Arkansas Avenue  
Denver, Colorado 80222



**TO:** Colorado Transportation Commission

**FROM:** Scott Richrath, Transportation Performance Branch Manager

**SUBJECT:** December Asset Management Committee Meeting

**DATE:** December 20, 2012

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**Purpose**

This memorandum summarizes the discussion planned for the December meeting of the Colorado Transportation Commission Asset Management Committee. There are two attachments in support of this meeting:

- (1) the minutes from the November Committee meeting, and
- (2) a memorandum regarding the work being done in SAP for fleet management.

Additionally, staff will present on two topics:

- (1) Intelligent Transportation Systems asset management, and
- (2) Fiscal Year 2014 budget recommendations from the Committee to the Transportation Commission.

**Action Requested**

During the Committee meeting, staff will work with Committee members to come up with a recommended budget to bring to the full Commission, for each of the five assets included in the Multi-Asset Management System: surface treatment, bridge, maintenance, fleet equipment and Intelligent Transportation Systems (ITS).

<b>Asset Category</b>	<b>Recommended Funding FY14</b>
Surface Treatment	\$200,000,000
Bridge / Bridge Enterprise	TBD
Maintenance Levels of Service	TBD
Fleet Equipment	\$19,200,000
ITS	TBD
<b>Total</b>	<b>TBD</b>

Should recommended funding levels for Fiscal Year 2014 exceed the currently available budget of \$566 million, Committee members may wish to discuss alternative funding sources including accelerated program delivery, TRANS Bond maturity, and other discretionary programs (including contingencies).

## **Background**

The Transportation Commission Asset Management Committee held its first meeting in September, during which staff provided background on the provisions in MAP-21 related to asset management, and began discussions about the Fiscal Year (FY) 2014 budget that starts on July 1, 2013. How financial resources are allocated to the transportation assets has been based on direction from the Transportation Commission in the form of the goals and objectives specified in Policy Directive 14, currently under discussion in conjunction with the Statewide Plan and MAP-21. The Committee intends to meet jointly with the Statewide Plan Committee in January and to provide FY14 budget recommendations to the Commission in the January timeframe.

## **ITS Asset Management**

After presentations on other asset categories in previous months, the December meeting will include a focus on ITS asset management. CDOT has 2,024 ITS devices ranging in cost from \$100 (loops associated with ramp meters) to \$400,000 (weigh-in-motion devices at Colorado's ports of entry). Weighted by dollars, the ITS assets average an *expected* useful life of nearly 15 years and an *actual* useful life of about 70% of expected useful life. Total asset values at the end of FY13 will approximate \$90 million excluding fiber-optic cable and \$125 million including fiber.

ITS is the one asset category among the five analyzed that continues to experience significant capital expansion and will therefore require additional funds to maintain the new devices installed during upcoming projects. Future large scale capital investment projects include US-36 Active Traffic Management of the general purpose lanes and I-70 fiber extension from Vail to East Glenwood Canyon near Gypsum. Backlogged capital replacement plans for FY14 include replacement of electronic signs older than 15 years (\$4 million) and conversion of legacy equipment such as analog video and Ethernet (\$3 million).

Staff will demonstrate how capital investment, including active traffic management gantries, variable toll message signs, fiber, and much more over the next five years will nearly double the size of CDOT's ITS infrastructure. This will drive a need for continued investment in maintenance, operations, and capital replacement.

Like several other CDOT asset categories, ITS is funded both at headquarters and in the regions, somewhat complicating the budgeting for this program. The presentation will focus on the headquarters program lines for capital and maintenance. Regional capital investment is part of each region's project design and development process. Regional maintenance is included within the Traffic Services maintenance program area of the Maintenance Levels of Service (MLOS) Program, and is typically much less costly than the maintenance provided by the ITS group in Golden.

A staff-developed ITS funding scenario for FY14 will offer \$29,450,000 for new ITS capital investment, capital replacement, and maintenance and operations.

## **FY14 Budget Guidance**

Conclusions from the November meeting:

- Use 3% inflation rate assumption for all assets.
- Use \$200 million as the baseline for the surface treatment program.
- Use \$19 million as the baseline for fleet equipment.

Per the Committee's recommendation to use 3% as the inflation rate for all assets, staff has developed performance data for each of the 5 assets for a 20-year timeframe. (Staff will present MLOS only in FY14, as that program relies heavily on revenue increases to keep up with inflation in order to maintain current year performance.)

During the meeting staff will work with the Committee to determine a recommended FY14 budget for each of these assets, to bring to the full Commission for discussion. Staff offers one potential baseline scenario for all assets totaling \$652 million in FY14. This exceeds the draft budget for these assets by approximately \$87 million, and the Committee or Commission will want to discuss alternative funding sources including accelerated program delivery, TRANS Bond maturity, and other discretionary programs (including contingencies).

**The Transportation Commission Asset Management Committee invites all Commissioners to attend.**