



Transportation  
Commission FY 13  
Additional Decision  
Items Workshop

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Laurie Freedle

CDOT Budget Director

# Background

- o Last month, staff brought recommendations to the TC on usage of FY12 and FY13 Contingency surplus
- o Among the recommendations was a placeholder to provide funding for additional FY13 Decision Items
- o Based on TC direction staff has further developed this list of non-project related items for TC's consideration

# Allocation Recommendations for FY12 and FY13 TCCRF

- o One-Time Requests
  - o Obsolete Inventory—\$124,000
  - o Physical Agility Testing—\$150,000
  - o Rockfall Mitigation—\$2,000,000
  - o First Year of Energy Performance COPs—\$975,000
  - o LED/Inductive Lighting—\$7,000,000(est.)
  - o MLOS Make Whole—\$1,231,262

# Allocation Recommendations for FY12 and FY13 TCCRF

- o Ongoing Requests
  - o Lease Elimination COPs Refunding—\$1,243,000
  - o Colorado State Patrol Dispatch—\$283,000
  - o LEAN Process Consultants—\$150,000 for FY13, ongoing to be reevaluated and adjusted as needed

# Justification—Obsolete Inventory

- o Obsolete Inventory—\$124,000
  - o \$90,000 for maintenance storerooms and equipment and \$24,000 for ITS equipment
  - o A number of storeroom parts and equipment have become obsolete over many years due to retirement of equipment and new equipment that uses different parts
  - o When inventory is purchased, it is accounted for under an asset in the balance sheet, and then moved to an expenditure once used (Generally Accepted Accounting Principles)
  - o In order to write these parts off, we must move them to an expenditure, which requires additional budget
  - o \$10,000 of this request is to ready items that are saleable for auction

# Justification of Decision Items— Physical Agility Testing

- o Physical Agility Testing—\$150,000
  - o Currently, maintenance workers are hired based on fitness for work as demonstrated by the federal physical required by USDOT for Commercial Driver's License
  - o This test only ensures that someone meets criteria to drive a commercial vehicle, but CDOT maintenance crew jobs require much greater physical agility than simply driving a truck
  - o Maintenance workers are often hired who cannot withstand the physical rigors of the job because our testing does not take this aspect into consideration
  - o These funds will pay to develop a physical agility test specific to the types of work performed by CDOT maintenance forces, allowing supervisors to more effectively hire the correct person for the job
  - o This will, in turn, reduce costs for injury leave and make our workforce more efficient

# Justification—Physical Agility

## Estimated Savings

FY09 (new hires in labor and trades 164)				
	Claim Count	20%	Total Incurred	Estimated 20% savings
R1	33	6.6	\$403,412	\$80,682
R2	38	7.6	\$872,852	\$174,570
R3	56	11.2	\$575,199	\$115,040
R4	27	5.4	\$101,963	\$20,393
R5	55	11	\$1,249,029	\$249,806
R6	56	11.2	\$697,470	\$139,494
HQ	20	4	\$146,899	\$29,380
<b>Total</b>	<b>285</b>	<b>57</b>	<b>\$4,046,824</b>	<b>\$809,365</b>
FY10 (new hires in labor and trades 113)				
	Claim Count	20%	Total Incurred	Estimated 20% savings
R1	43	8.6	\$941,832	\$188,366
R2	25	5	\$589,516	\$117,903
R3	52	10.4	\$992,123	\$198,425
R4	30	6	\$397,422	\$79,484
R5	37	7.4	\$404,360	\$80,872
R6	76	15.2	\$915,665	\$183,133
HQ	29	5.8	\$40,492	\$8,098
<b>Total</b>	<b>292</b>	<b>58.4</b>	<b>\$4,281,410</b>	<b>\$856,282</b>

# Justification—Physical Agility

(Continued)

Cost-benefit analysis:

Startup costs	-\$150,000
Cost for exams (\$150x139) (avg. new hires FY09-FY10 = 139)	-\$ 20,850
*“Total Incurred” savings (avg. FY09-FY10)	<u>+\$832,823</u>
Net Savings per Year	\$661,973
Additional savings to consider:	

Reduced insurance premiums – CDOT is part of State Risk pool, cannot extract exact cost

Review of job duties may result in new efficiencies and safer job activity example: stocking 40 lb. bags of sand instead of 50 lbs.

\*Total Incurred includes medical costs, permanent disability awards and loss time

# Justification—Rockfall Mitigation

- o Rockfall Mitigation—\$2,000,000
  - o The current budget limits mitigation efforts. Additional budget allows improved mitigation designs which increase performance and limit maintenance
  - o At the current funding level sites are selected for mitigation based on a top down priority according to the hazard. This approach limits construction to single sites along a corridor. A budget increase allows consideration to corridor mitigation, which reduces rockfall risk more significantly than mitigating a single site selected on a top down approach.

# Justification – Rockfall Mitigation

(Continued)

Current FY 13 Plan with ≈ \$5.2M Budget				
	Region	HWY	Project/Site	Allocated
Rockfall Management Plan	1	I-70	Georgetown Hill	\$ 1,600,000.00
	3	SH 133	Paonia Reservoir - mm 24.8	\$ 1,000,000.00
Maintenance Needs Response to Incidents Mitigation Device Repairs	1	I-70	Twin Tunnels	\$ 600,000.00
	4	SH 14	Cameron Pass	
	6	US 285	Turkey Creek Canyon	
	3	SH 82	Independence Pass	
Program Management Emergency Response Design and Inspection			Operations	\$ 1,800,000.00
		statewide	Urgent need scaling/repairs/monitoring	
		statewide	Rockfall Program personnel	
		statewide	Design and Emergency TO's	
				\$ 5,000,000.00
<b>With Additional \$2M</b>				
Rockfall Management Plan (Will complete current plan)	3	SH 133	Paonia Reservoir - mm 24.4	\$ 1,000,000.00
	3	SH 133	Paonia Reservoir - mm 24.1	\$ 1,000,000.00
				\$ 2,000,000.00

An additional \$2M allows the completion of the current FY 13 Rockfall Management Plan.

# Justification—Energy Performance COPs

- o First Year of Energy Performance COPs—\$975,000
  - o Certificates of Participation were sold in order to replace inefficient fixtures, controls, doors, and other items within CDOT buildings with updated, energy efficient ones
  - o This program was executed on the basis that debt service payments are funded by savings in the budgets where the improvements were made. On an ongoing basis, the budgets where the improvements were made will be decreased and the funding transferred to debt service
  - o Due to the program just beginning, there will be significant savings in FY13, and therefore staff is requesting the TC to fund the first year's payment with future years handled as stated above

# Justification—LED or Inductive Lighting

- o LED or Inductive Lighting—\$7,000,000
  - o Replacement of current inefficient and environmentally unsound highway lighting with LED or Inductive Lighting. These types of fixtures are expected to pay for themselves through energy savings within three years. In addition, there are significant maintenance savings, as they are replaced on a 7 year cycle rather than biannually as the current ones are.
  - o This item is beyond the scope of the energy performance COPs, which were used for issues within CDOT buildings

# Justification—MLOS Make Whole

- o MLOS Make Whole—\$1,231,262
  - o During the creation of the Long Bill, JBC instituted a 1% reduction in personal services for appropriated budgets. In order to balance CDOT's budget to the Long Bill, we made adjustments to all personal services line items
  - o JBC controls CDOT's administrative budget, but the TC directs the remainder
  - o For all other budgets, the reduction was invisible to the main budget document, but for MLOS, the document had to be revised.
  - o To keep MLOS at the levels set by TC, we must make MLOS whole by adding back the funding previously removed. This simply brings the budget back to the amount approved by TC earlier this year

# Justification—COPs Refunding

- o Lease Elimination COPs Refunding and Reorganization of Debt —\$1,243,000
  - o In the refunding, lowered the term from 30 to 10 years and lowered the interest rate from 5% to 2.09%. Net result is PV savings for the transaction in excess of 25% but the new structure increases the annual debt service payment somewhat
  - o This request will need to be funded on an on-going basis until debt service requirements are complete in 2022
  - o This item was previously budgeted at \$1,103,000 and this request is for the difference to increase annual debt service to \$2,346,000

## Justification—COPs Refunding (Continued)

Amount of Interest still due under current structure:	\$33,894,996
Amount of Interest due under refinancing:	<u>\$23,476,656</u>
Decrease in interest due:	\$10,418,656
Present Value of Interest savings:	\$ 5,355,512

# Justification—CSP Dispatch

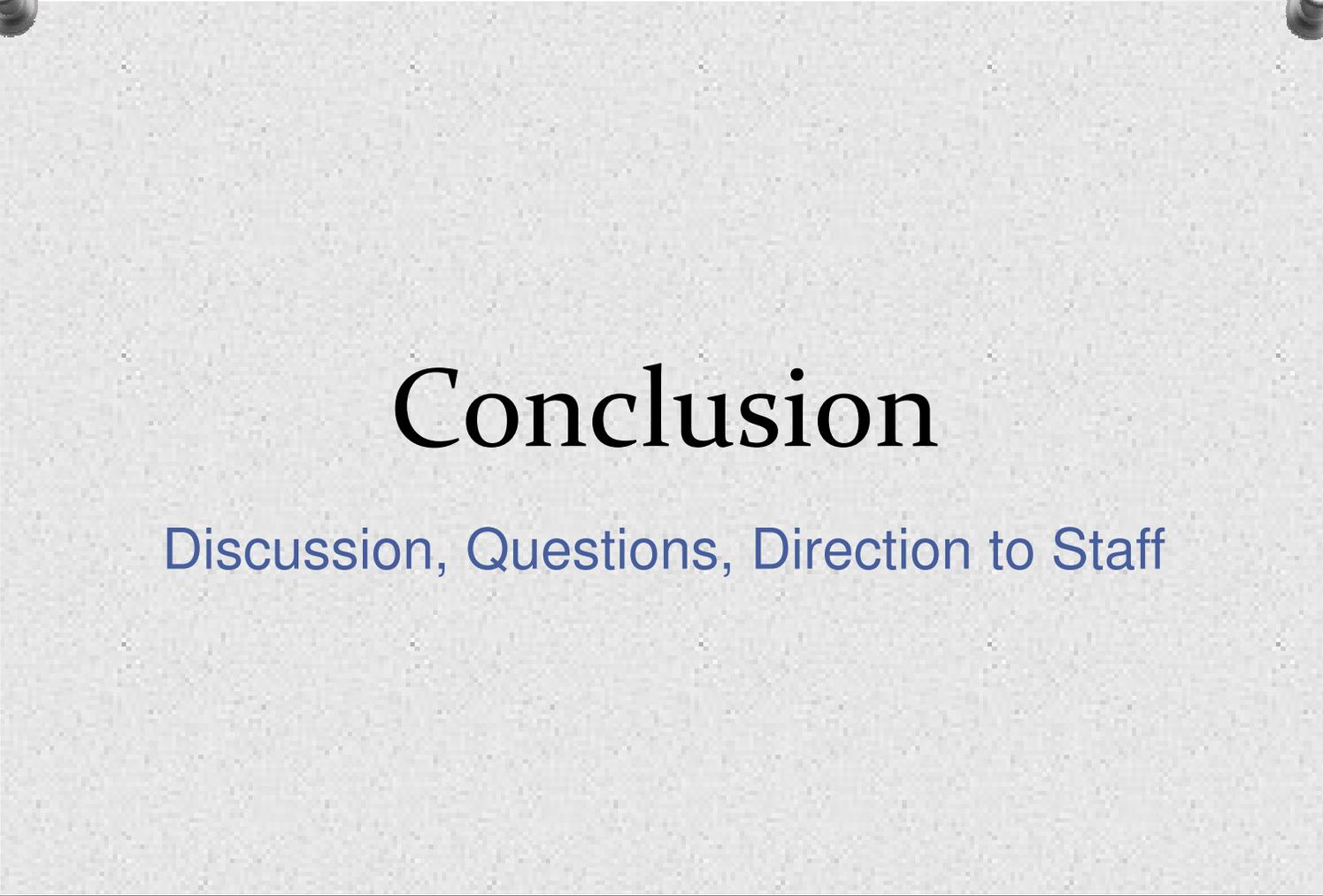
- o Colorado State Patrol Dispatch Fees (on-going)—\$283,000
  - o These are mandatory fees that CDOT pays to CSP and they continue to increase year after year
  - o This annual payment has come from ITS maintenance budget, which is being eroded by this item and its continued annual increases
  - o Staff recommends that this charge be treated similar to “common policies” where the base and the increase is automatically built into the budget and funded in addition to the ITS maintenance budget

# Justification—LEAN Process Consultant

- o LEAN Process Consultant—\$150,000 (\$125,000 personal services, \$25,000 operating costs)
  - o LEAN process consultants train CDOT employees to be LEAN process facilitators
    - o Once CDOT employees **have** been through 2-3 LEAN processes, they are ready to facilitate the process on their own. CDOT employees then become the process consultants, training other CDOT employees. Until we reach critical mass on the number of CDOT employees who are trained, we need a consultant to help us
    - o Will likely still need some consultant support in future years, but the need may decrease as the process becomes institutionalized
  - o Governor's Office has supported this effort financially up to this point, but that support is ending
  - o This valuable process is not only mandated by the Governor, but also supported by CDOT management
  - o This process has been very successful, as documented in TC presentations

## Decision Items Total

- o One-Time Requests—\$11,480,262
- o On-Going Requests—\$ 1,676,000
- o Total Requests—\$13,156,262



# Conclusion

Discussion, Questions, Direction to Staff