

# MEMORANDUM

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## DEPARTMENT OF TRANSPORTATION

Office of Financial Management and Budget  
4201 E. Arkansas Ave., Room 240  
Denver, CO 80222  
(303) 757-9262  
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Date: 29 Jun 13

To: Transportation Commission

From: Ben Stein, CFO

Subject: Updating PD 703.0

Accompanying this memorandum is a proposed update to PD703, Transportation Commission Budget Policy. An update to this policy directive was requested by the Chairman of the Transportation Commission. As you can see from the “track changes” version, the updates are substantial. This memorandum will focus upon why these changes are recommended.

The most noticeable and significant changes are the elimination of the columns for ARRA and for the Bridge Enterprise. The ARRA program has concluded and hence a column for it is no longer necessary. The Bridge Enterprise column was eliminated as that is within the province of the Bridge Enterprise Board of Directors, not the Transportation Commission. Once the commission approves a new version of PD 703.0 a companion policy for the Bridge Enterprise will be submitted to its board.

Other changes:

1. The requirement for the Transportation Commission to approve all insurance settlements is deleted. Statutorily this authority rests with the State Risk Manager and the Transportation Commission can only make recommendations on such settlements.
2. Transfers between operating and personal service cost centers and capital cost centers are discussed in significantly greater detail as in the current version there are frequently disputes over what the language allows.
3. It is proposed that 100% locally funded projects not require TC approval.
4. With the process changes associated with the transition to a more cash expenditure based construction program adjustments previously approved at the Regional level may have to be done more by the Chief Engineer. This draft seeks to anticipate and support this new process.
5. A significant alteration to the approvals required for 7<sup>th</sup> Pot projects. To the extent that non dedicated 7<sup>th</sup> pot funds (not SB97-001 or SB09-228 monies) are used for a 7<sup>th</sup> pot project, the intent is to no longer “convert” those monies into ones dedicated to the 7<sup>th</sup> pot program. Their use would still count toward meeting the 7<sup>th</sup> pot dollar commitments in those corridors but if funds are left at project completion that were derived from a non 7<sup>th</sup> Pot source they would be returned to that original source. In addition, the Chief Engineer could add or delete such fund from a project within the same guidelines as for regular projects rather than requiring commission action for every adjustment.

Request for clarification:

At the time the current version of PD 703.0 was adopted the FASTER Safety program had an annually approved project list and FASTER safety projects required approval in the same manner as other projects. In a subsequent action, the Transportation Commission eliminated the annual project list and approved the budgeting of projects using solely FASTER Safety funds without Commission approval. Given that the original PD 703.0 had the Commission approving such actions and a separate decision was made to not approve all such actions, Commission guidance is requested on this particular program. Staff is comfortable budgeting such funds under the exceptions listed in section 4 of the draft (current process) but the question is posed to allow the commission to provide input.

<b>COLORADO DEPARTMENT OF TRANSPORTATION</b>		<input checked="" type="checkbox"/> <b>POLICY DIRECTIVE</b> <input type="checkbox"/> <b>PROCEDURAL DIRECTIVE</b>	
Subject			Number
TRANSPORTATION COMMISSION BUDGET POLICY			<b>703.0</b>
Effective	Supersedes	Originating Office	
	<b>5.19.2011</b>	<b>Office of Financial Management and Budget</b>	

## I. PURPOSE.

To clarify and delineate the policies and define when supplemental budget actions for projects and programs require Commission approval. Policies related to the Department's annual budget are delineated elsewhere.

## II. AUTHORITY

Transportation Commission § 43-1-106.8(h), C.R.S.

## III. APPLICABILITY

This Policy Directive applies to all Divisions and Offices of the Colorado Department of Transportation, excluding the divisions and offices under the direction of Type 1 Boards.

## IV. DEFINITIONS

EE: Engineering Estimates

7<sup>th</sup> Pot: Budget Actions for projects within the Department's Strategic Investment Program using funds statutorily dedicated to use for that program. Use of other types of funds on projects within the Strategic Investment corridors for substantive highway improvements (not for example routine surface treatment) will count toward totals expended for that corridor.

## V. POLICY

A. The table below reflects the policies as approved by the Transportation Commission.

Subject	Number
TRANSPORTATION COMMISSION BUDGET POLICY	703.0

Advertisement and Award (Engineering)	Budget Actions (Non-7 <sup>th</sup> Pot)	Budget Actions (7 <sup>th</sup> Pot)
<b>Advertisement</b>		
EE 10% over budget: <u>Region approves</u>	<del>No Budget Action Required</del> <u>Region approves if available in a regional pool. Otherwise Chief Engineer approves and identifies funding source (not TCCRF)</u>	<u>Chief Engineer Approves and identifies funding source (not 7<sup>th</sup> Pot or TCCRF)</u> . TC budget action for 7 <sup>th</sup> pot or TCCRF. <del>No Budget Action Required</del>
EE up to 14.9% over budget: <del>Chief Engineer approves</del>	<u>Chief Engineer approves and identifies funding source (not TCCRF)</u> <del>No Budget Action Required</del>	<del>No Budget Action Required</del> <u>Chief Engineer approves and identifies funding source (not 7<sup>th</sup> Pot or TCCRF)</u> . TC budget action for 7 <sup>th</sup> pot or TCCRF.
EE 15% + of budget <del>15% or more of budget</del> unless the budget request is less than \$250,000	TC Budget Action Required <u>unless adjustment is less than \$250,000</u>	TC budget action required
<b>Award</b>		
Bid over budget less than <u>150%</u>	<u>Region Approves if available in a regional pool. Otherwise Chief Engineer Approves and identifies funding source (not TCCRF)</u> <del>Allotment Advice</del>	<u>Chief Engineer Approves and identifies funding source (not 7<sup>th</sup> Pot or TCCRF)</u> . TC budget action for 7 <sup>th</sup> pot or TCCRF. <del>TC Budget Action Required</del>
Bid over budget <u>more than 10% but less than 15%</u> <del>or more</del> unless the budget request is less than \$250,000)	<del>TC Budget Action Required</del> <u>Chief Engineer identifies funding source and approves (not TCCRF)</u>	<del>TC Budget Action Required</del> <u>Chief Engineer Approves and identifies funding source (not 7<sup>th</sup> Pot or TCCRF)</u> . TC budget action for 7 <sup>th</sup> pot or TCCRF.
<u>If low bid is 15% over EE or 25% under the EE and detailed cost justification is performed</u>	<u>TC Budget Action may or may not be needed</u>	<u>TC Budget Action may or may not be needed</u>
<u>Bid over budget by more than 15%</u>	<u>TC Budget Action Required</u>	<u>TC Budget Action Required</u>
Fewer than 3 bidders:		
<ul style="list-style-type: none"> <li>Must reject if low bid is more than 10% over EE and the EE is over \$1M</li> </ul>	No Budget Action Required	No Budget Action Required
<ul style="list-style-type: none"> <li>Must reject if low bid is more than 25% over EE and the EE is under 1M</li> </ul>	No Budget Action Required	No Budget Action Required
Closure of Projects	No TC Budget Action Required	No TC Budget Action Required. <u>Non 7<sup>th</sup> Pot funds remaining revert to original funding</u>

Subject	Number
TRANSPORTATION COMMISSION BUDGET POLICY	<b>703.0</b>

Advertisement and Award (Engineering)	Budget Actions (Non-7 <sup>th</sup> Pot)	Budget Actions (7 <sup>th</sup> Pot)
		<a href="#">source</a>
<b>Miscellaneous</b>		
Add new funds for 1 <sup>st</sup> time (see section B.4 below)	TC Budget Action Required	TC Budget Action Required
Add additional funds (previously budgeted)	Allotment Advice if under 15% and TC Budget Action if 15% or over unless the budget request is less than \$250,000	TC Budget Action Required regardless of % increase if 7 <sup>th</sup> pot or TCCRF. Allotment advice if other funding sources used <a href="#">within 15%</a> .
Transfer of funds between personal services/operating, <del>and non-road non capital equipment</del> capital <a href="#">cost centers</a> (see section A 1. below)	TC Budget Action Required if -transfers exceed <del>\$250,000</del> <a href="#">\$25,000 in a given region or division in a fiscal year</a>	n/a
<a href="#">Transfers of any funds to either road equipment or facilities cost centers from other programs.</a>	<a href="#">TC budget action required.</a>	n/a

1. [Transfers between operating and personal services cost centers do not require Commission action within funding type \(ex. SHF to SHF cost centers\). Actions moving operating or personal services funds into a construction project, \(as opposed to a capital cost center\) require Commission action in all instances.](#)

**B. [Determination of Fund Allocation](#)**

~~1. Any request for the use of the TCCRF. TC budget action required.\*1. Transfers between operating and personal services within a Division/Region do not require Commission action.~~

2. Emergencies/ Urgent Actions. The Department’s Chief Financial Officer and the Chief Engineer or affected Division Director will contact the Transportation Commission chairperson for a conditional approval prior to the next TC meeting under the following conditions:

- a) The request is within the region [or statewide](#) control totals if applicable
- b) Waiting for the next Commission meeting would jeopardize advertisement or the award of the project.
- c) [The request includes the use of Transportation Commission Contingency Reserve Funds.](#)

The action will be reflected in the next Commission supplement for concurrence.

Subject	Number
TRANSPORTATION COMMISSION BUDGET POLICY	703.0

### 3. Local Agency Funds:

a) 100% locally funded projects

~~(1) All projects are initially approved by the TC~~

(2) Subsequent budget actions if needed are presented in the monthly budget supplement as an “information item”

b) ~~Insurance or other settlements are approved by the TC.~~

c) Local budget actions not requiring Commission approval:

(1) Local overmatch on Off-System Bridge, CMAQ, STP-Metro,

(2) Transportation Alternatives Program

(3) Advertisement of construction projects

(4) Award of construction projects

(5) Project closures

<sup>1</sup>4. Exceptions: (Approved in pools as part of annual budget)

~~a) STP-Metro~~

~~b) CMAQ~~

~~ea) Transportation Alternatives Program Enhancement~~

~~bd) Bridge Off-System~~

~~e) Safety~~

~~f) Surface Treatment~~

c) Railway-Highway Crossing Program

d) Hot Spots

e) Traffic Signals

## VI. IMPLEMENTATION PLAN

This Policy Directive is effective immediately upon signature approval.

## VII. REVIEW DATE

This Policy Directive shall be reviewed no later than June 2016.

Subject <b>TRANSPORTATION COMMISSION BUDGET POLICY</b>	Number <b>703.0</b>
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\_\_\_\_\_  
Transportation Commission Secretary

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Transfers of any funds to either road equipment or facilities cost centers from other programs.	TC budget action required.	n/a

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4. Exceptions: (Approved in pools as part of annual budget)

- a) Transportation Alternatives Program
- b) Bridge Off-System
- c) Railway-Highway Crossing Program
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