

MEMORANDUM

DEPARTMENT OF TRANSPORTATION
Division of Transportation Development
4201 East Arkansas Avenue
Denver, Colorado 80222
(303) 757-9011



DATE: January 3, 2014

TO: Transportation Commission

FROM: Debra Perkins-Smith, Director, Division of Transportation Development
Scott Richrath, Chief Financial Officer, Division of Accounting and Finance

SUBJECT: Program Distribution for the Statewide Plan (SWP) and the Statewide Transportation Improvement Program (STIP)

Purpose: Based on input from the December Commission discussion on Program Distribution, present alternatives for assignment of funds to programs. Obtain direction on a scenario for Commission adoption in February for use in SWP and STIP development.

Action Requested: Direction on Program Distribution scenario to present for Commission adoption in February.

Executive Summary: Based on November commission workshop discussions, staff assigned the funds that will be available based on the reduction/retirement of debt service payments on the Transbonds to the asset management category. At the December Commission workshop, staff was directed to assign available funds to the PD 14 objectives for Maintenance, Surface Treatment and Bridge first and then consider other categories. The current policy direction can be summarized as follows:

Policy Direction:

1. Direct funds available from Transbond debt service retirement to Asset Management
2. Fund PD 14 objectives for Maintenance, Surface Treatment and Bridge first and then identify options for any remaining funds.
3. Provide for Transportation Commission flexibility to meet future needs

Attachment A shows the FY 15 baseline and a scenario that funds asset management with Transbond retirement funds first and then other variance funds as needed to meet PD 14 objectives for Maintenance, Surface Treatment and Bridge (note that there are remaining debt service funds in years 2018-2020 but then other variance funds are needed for asset management starting in 2021).

Background: Information on state and federal requirements for the Plan were included in the December packet to Commission along with the explanation of the assumptions in the FY 15

baseline scenario (SWP committee pages 1-31). Program Distribution is for fiscal years 2016-2040 with emphasis on the first 10 years of 2016-2025.

Program Distribution is a part of the Statewide Plan and outlines the assignment of projected revenues to various program areas for the time period of the Statewide Plan (FY 2016-FY 2040). Program Distribution also identifies the program fund levels that will be used in developing the next Statewide Transportation Improvement Program (STIP), which begins with FY 2016. Revenues for Program Distribution are based on the Baseline Revenue Projection for the 2040 Statewide Plan adopted by the TC on April 18, 2013. In the FY 15 Baseline, federal revenues peak in 2025 and decline each year following. SB 228 revenue is projected in years 2016-2020. Based on the adopted revenue projections, a positive variance exists only in years 2017 to 2024.

Program Distribution reflects Commission policy by assigning funding levels to categories. The assignments illustrate for our planning partners and the public the intended emphasis areas given projected revenue expectations.

In order to assign remaining funds (debt service and variance), questions to be addressed are as follows:

Policy Questions:

1. Do you want to emphasize asset management? i.e. assign some or all of available funds to asset management? (System Preservation/Maintain)
2. Do you want to emphasize system performance? i.e. assign some or all of available funds to TSM&O? (Maximize)
3. Do you want to emphasize flexibility? i.e. assign some or all of available funds to TC contingency to meet needs identified in the future.

Next Steps: SWP committee recommendation on assignment of available funds. Based on direction, staff will prepare a fiscally constrained Program Distribution for Commission adoption in February that will be used for Statewide Plan and Statewide Transportation Improvement Program (STIP) development.

PROGRAM DISTRIBUTION FY 2016 - 2040
1/9/2014

FY 15 BASELINE SCENARIO

| Line | Directed By | DRAFT FY 15 Budget | FY 2016-2025 | | | | | | | | | | | FY 2026-2040 | TOTAL | |
|------|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | | | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 -2040 | FY 2016 - 2040 | | |
| 1 | Asset Management | \$ 476,396,343 | \$ 475,896,343 | \$ 514,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 9,643,445,145 | \$ 15,777,408,575 |
| 2 | Maintenance | TC | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 251,300,000 | \$ 3,769,500,000 | \$ 6,282,500,000 |
| 3 | Surface Treatment | TC | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 149,500,000 | \$ 2,242,500,000 | \$ 3,737,500,000 |
| 4 | Structures On-System | TC | \$ 30,700,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 30,200,000 | \$ 453,000,000 | \$ 755,000,000 |
| 5 | Rockfall Mitigation | TC | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 76,500,000 | \$ 127,500,000 |
| 6 | Capital Expenditure (Road Equip/Property) | TC | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 374,945,145 | \$ 624,908,575 |
| 7 | TSM&O: ITS Maintenance | TC | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 222,000,000 | \$ 370,000,000 |
| 8 | Asset Management- To Be Assigned by TC | TC | \$ - | \$ - | \$ 39,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 167,000,000 | \$ 2,505,000,000 | \$ 3,880,000,000 |
| 9 | Other TC Directed Programs (Flexible) | | \$ 105,685,257 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 1,485,841,215 | \$ 2,476,402,025 |
| 10 | Hot Spots | TC | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 32,507,310 | \$ 54,178,850 |
| 11 | Traffic Signals | TC | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 22,092,345 | \$ 36,820,575 |
| 12 | TSM&O: Performance Programs and Services | TC | \$ 7,236,795 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 9,114,285 | \$ 15,190,475 |
| 13 | TSM&O: Congestion Relief | TC | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 60,000,000 | \$ 100,000,000 |
| 14 | Regional Priority Program | TC | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 750,000,000 | \$ 1,250,000,000 |
| 15 | Capital Expenditure (ITS Investments) | TC | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 150,000,000 | \$ 250,000,000 |
| 16 | Contingency | TC | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 462,127,275 | \$ 770,212,125 |
| 17 | Restricted Programs | | \$ 534,178,348 | \$ 710,888,063 | \$ 679,060,070 | \$ 556,837,153 | \$ 564,283,626 | \$ 568,935,838 | \$ 414,870,928 | \$ 417,679,404 | \$ 419,167,919 | \$ 424,026,541 | \$ 428,803,857 | \$ 6,628,695,037 | \$ 11,813,248,435 | |
| 18 | TOTAL | | \$ 1,116,259,948 | \$ 1,285,840,487 | \$ 1,293,012,494 | \$ 1,298,789,577 | \$ 1,306,236,050 | \$ 1,310,888,262 | \$ 1,156,823,352 | \$ 1,159,631,828 | \$ 1,161,120,343 | \$ 1,165,978,965 | \$ 1,170,756,281 | \$ 17,757,981,397 | \$ 30,067,059,035 | |
| 19 | Revenue | | \$ 1,116,259,948 | \$ 1,282,534,976 | \$ 1,296,908,991 | \$ 1,309,386,352 | \$ 1,322,319,462 | \$ 1,332,309,447 | \$ 1,179,616,919 | \$ 1,185,134,453 | \$ 1,190,576,641 | \$ 1,198,760,288 | \$ 1,206,460,729 | \$ 17,892,259,440 | \$ 30,396,267,698 | |
| 20 | Variance | | \$ - | \$ (3,305,511) | \$ 3,896,497 | \$ 10,596,775 | \$ 16,083,412 | \$ 21,421,186 | \$ 22,793,567 | \$ 25,502,625 | \$ 29,456,298 | \$ 32,781,323 | \$ 35,704,448 | \$ 134,278,043 | \$ 329,208,663 | |

Assumptions/Notes

- 1) Allocations to Revenue based programs are based on projected revenues from the 2040 Revenue Projection adopted by the TC in April 2013.
- 2) Funds available from debt service retirement (TransBond) (~\$39 M in FY 16, and \$167 M annually thereafter) are assigned to Asset Management and appear on the Asset Management- To Be Assigned by TC line.
- 3) All other programs are fixed at FY 15 Budget levels (excluding FY 15 Decision Items for Structures and TSM&O: Performance Programs and Services.)
- 4) In aggregate, there is a surplus FY 2026-2040, but deficits appear in individual years (2037-2040).

SCENARIO 1: PD 14 GOALS AND TRANSBOND IN ASSET MANAGEMENT

| Line | Directed By | DRAFT FY 15 Budget | FY 2016-2025 | | | | | | | | | | | FY 2026-2040 | TOTAL |
|------|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | | | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 -2040 | FY 2016 - 2040 | |
| 1 | Asset Management | \$ 476,396,343 | \$ 483,435,343 | \$ 514,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 642,896,343 | \$ 644,961,685 | \$ 653,963,645 | \$ 663,235,664 | \$ 672,785,844 | \$ 678,600,791 | \$ 9,777,723,189 | \$ 16,018,291,534 | |
| 2 | Maintenance | TC | \$ 251,300,000 | \$ 258,839,000 | \$ 266,604,170 | \$ 274,602,295 | \$ 282,840,364 | \$ 291,325,575 | \$ 300,065,342 | \$ 309,067,302 | \$ 318,339,321 | \$ 327,889,501 | \$ 337,726,186 | \$ 5,065,892,792 | \$ 8,033,191,849 |
| 3 | Surface Treatment | TC | \$ 149,500,000 | \$ 149,500,000 | \$ 155,900,000 | \$ 240,000,000 | \$ 240,000,000 | \$ 240,000,000 | \$ 240,000,000 | \$ 240,000,000 | \$ 240,000,000 | \$ 240,000,000 | \$ 240,000,000 | \$ 3,507,968,612 | \$ 5,733,368,612 |
| 4 | Structures On-System | TC | \$ 30,700,000 | \$ 30,200,000 | \$ 47,495,830 | \$ 60,000,000 | \$ 60,000,000 | \$ 60,000,000 | \$ 60,000,000 | \$ 60,000,000 | \$ 60,000,000 | \$ 60,000,000 | \$ 60,000,000 | \$ 530,416,640 | \$ 1,084,090,732 |
| 5 | Rockfall Mitigation | TC | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 5,100,000 | \$ 76,500,000 | \$ 127,500,000 |
| 6 | Capital Expenditure (Road Equip/Property) | TC | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 24,996,343 | \$ 374,945,145 | \$ 624,908,575 |
| 7 | TSM&O: ITS Maintenance | TC | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 14,800,000 | \$ 222,000,000 | \$ 370,000,000 |
| 8 | Asset Management- To Be Assigned by TC | TC | \$ - | \$ - | \$ - | \$ 23,397,705 | \$ 15,159,636 | \$ 6,674,425 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 45,231,766 |
| 9 | Other TC Directed Programs (Flexible) | | \$ 105,685,257 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 99,056,081 | \$ 1,485,841,215 | \$ 2,476,402,025 |
| 10 | Hot Spots | TC | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 2,167,154 | \$ 32,507,310 | \$ 54,178,850 |
| 11 | Traffic Signals | TC | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 1,472,823 | \$ 22,092,345 | \$ 36,820,575 |
| 12 | TSM&O: Performance Programs and Services | TC | \$ 7,236,795 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 607,619 | \$ 9,114,285 | \$ 15,190,475 |
| 13 | TSM&O: Congestion Relief | TC | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 60,000,000 | \$ 100,000,000 |
| 14 | Regional Priority Program | TC | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 50,000,000 | \$ 750,000,000 | \$ 1,250,000,000 |
| 15 | Capital Expenditure (ITS Investments) | TC | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 150,000,000 | \$ 250,000,000 |
| 16 | Contingency | TC | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 30,808,485 | \$ 462,127,275 | \$ 770,212,125 |
| 17 | Restricted Programs | | \$ 534,178,348 | \$ 710,888,063 | \$ 679,060,070 | \$ 556,837,153 | \$ 564,283,626 | \$ 568,935,838 | \$ 414,870,928 | \$ 417,679,404 | \$ 419,167,919 | \$ 424,026,541 | \$ 428,803,857 | \$ 6,628,695,037 | \$ 11,813,248,435 |
| 18 | TOTAL | | \$ 1,116,259,948 | \$ 1,293,379,487 | \$ 1,293,012,494 | \$ 1,298,789,577 | \$ 1,306,236,050 | \$ 1,310,888,261 | \$ 1,158,888,694 | \$ 1,170,699,130 | \$ 1,181,459,664 | \$ 1,195,868,466 | \$ 1,206,460,729 | \$ 17,892,259,441 | \$ 30,307,941,994 |
| 19 | Revenue | | \$ 1,116,259,948 | \$ 1,282,534,976 | \$ 1,296,908,991 | \$ 1,309,386,352 | \$ 1,322,319,462 | \$ 1,332,309,447 | \$ 1,179,616,919 | \$ 1,185,134,453 | \$ 1,190,576,641 | \$ 1,198,760,288 | \$ 1,206,460,729 | \$ 17,892,259,441 | \$ 30,396,267,699 |
| 20 | Variance | | \$ - | \$ (10,844,511) | \$ 3,896,497 | \$ 10,596,775 | \$ 16,083,412 | \$ 21,421,186 | \$ 20,728,225 | \$ 14,435,323 | \$ 9,116,977 | \$ 2,891,822 | \$ (0) | \$ (0) | \$ 88,325,704 |

Assumptions/Notes

- 1) Allocations to Revenue based programs are based on projected revenues from the 2040 Revenue Projection adopted by the TC in April 2013.
- 2) Maintenance is increased 3% annually over the FY 15 base for years 2016-2025, and then remains flat until 2040.
- 3) Surface Treatment allocations are based on a total Surface Treatment level of \$240 M. Program Distribution allocations in FY 16 and FY 17 are less than \$240 M due to supplemental funding from RAMP. Surface Treatment funded at \$240 M for as long as possible. Assumes continued advancement of \$86 M to support \$240 M level of funding.
- 4) Structures at \$60 M for as long as possible. Program Distribution allocations in FY 16 and FY 17 are less than \$60 M due to supplemental funding from RAMP.
- 5) Remaining TransBond assigned to Asset Management- To Be Assigned by TC.
- 6) Remaining variance left unassigned.
- 7) Starting in 2021 all TransBond used and other variance required to meet PD 14 goals.