

MEMORANDUM

DIVISION OF ACCOUNTING AND FINANCE



Office of Financial Management and Budget

4201 East Arkansas Avenue, Room 235
Denver, Colorado 80222
(303) 757-9262

DATE: March 19, 2014

TO: Transportation Commission

FROM: Scott Richrath, Chief Financial Officer

SUBJECT: Final FY2015 Budget

Purpose

This memo serves to provide the Transportation Commission with the final FY2015 Budget for adoption. The budget must be submitted to the Governor for approval on or before April 15, 2014.

Action Required

Adoption of the FY2015 Budget for the Department including Colorado Bridge Enterprise and High Performance Transportation Enterprise.

Background

In November 2013, you adopted the Draft FY2015 Budget for submission to the Office of State Planning and Budgeting and the Joint Budget Committee. The draft budget:

- Balanced the budget;
- Funded Asset Management to the recommended levels, including previously recommended increases to Tunnels and ITS;
- Approved Decision Items:
 - <\$1M – Steel Toe Boots and Office of Major Projects Programmatic Funding
 - \$1M – Digital Trunk Radio
 - \$6.6M – TSM&O Projects.

Statute 43-1-113(c)(I), C.R.S. requires the Transportation Commission to adopt the final budget no later than April 15. The accompanying resolution includes project lists for asset management programs that, as of November, were not included within Commission-approved prioritization models.

Details

The Final FY2015 budget titled "Fiscal Year 2015 Final Budget 3/20/14" includes the following changes:

- Moved \$40M of FASTER Safety Projects to Regional Priority Program per the Commission's direction; and
- Added line items identifying \$100M of additional funding, including indirect and construction costs, for FY2015 permanent recovery efforts related to the September, 2013 floods.

No additional Decision Items have been requested since the adoption of the Draft FY2015 budget. Staff recommends the Commission adopt the Final FY2015 Budget as outlined in the document included in the packet titled "Fiscal Year 2015 Final Budget 3/20/14".

CDOT is still receiving final required budget amounts from the Department of Personnel and Administration and the Governor's Office. Once these amounts are known and once staff has incorporated March projections for FY2015 Emergency Recovery revenue and expenditures, staff will request finalizing the FY2015 budget per the 1st 2015 Budget Supplement in June with the following actions:

- Update revenue forecasts to current levels, including forecasts for flood-related permanent restoration; and
- Use a small amount of FY2014 roll-forward funds to balance the increase in required common policy amounts (salary increases, payments to OIT, etc.).

Next Steps – FY15 Budget

Upon adoption, the FY2015 Budget will be forwarded to the Governor for approval on or before April 15, 2014.

Update on PD-70X

In December 2013, I asked the Transportation Commission to consider repealing Policy Directive 703 (PD703) and adopting a new, broader financial policy encompassing all TC budgetary decisions. In light of significant ongoing and anticipated modifications to the budgeting process brought about by Asset Management, RAMP, a pending audit of FASTER Safety, and Cash Management, I proposed and you concurred that staff revisit TC policy pertaining to not only supplemental budget actions but to the entire CDOT budgeting process. In April, in conjunction with the release of the To Be Report on Program/Cash Management, I will provide the Commission with a presentation and a draft of the new Policy Directive 703.0.

If you have any questions, please feel free to contact me at (303) 757-9793.

Resolution # TC-

RESOLUTION FOR THE FY 2014-2015 BUDGET

WHEREAS, in accordance with § 43-1-113 (2), C.R.S. the Transportation Commission of Colorado (“Commission”) formally approved and submitted a draft budget allocation plan for the moneys subject to its jurisdiction for the fiscal year beginning on July 1, 2014 to the Joint Budget Committee, the House Transportation Committee, the Senate Transportation Committee and the Governor on December 15, 2013 for their review and comment; and

WHEREAS, C.R.S. 43-1-113(9)(c) requires that the Transportation Commission adopt a final budget allocation plan, which shall upon approval by the Governor constitute the budget for the Department of Transportation for Fiscal Year 2014-2015; and

WHEREAS, the annual Long Appropriations bill will not yet be approved by the General Assembly prior to the adoption of this budget by the Transportation Commission and therefore minor adjustments may need to be made by staff after adoption of the Fiscal Year 2014-2015 budget by the Transportation Commission; and

WHEREAS, the Delphi workgroup—a group comprised of Director Hunt and other members of senior management, regional transportation directors, asset managers and staff from the Division of Transportation Development and the Office of Financial Management and Budget as well as the regions—met on August 27, 2013 and in a 6 hour Delphi process came to consensus on a recommendation to the Asset Management Committee of the Commission for the FY2014-2015 budget and RAMP program (sized at \$165 Million) for all asset management programs; and

WHEREAS, on September 18, 2013, the results of the Delphi Workshop including specific asset management projects or plans were presented to the Asset Management Committee of the Commission, who requested certain revisions to the recommendations; and

WHEREAS, there were also revisions to the recommendations based on an update of the Bridge Enterprise revenue projections, and an organizational change which moved responsibility for some traffic signals from MLOS to ITS; and

WHEREAS, the chart below shows the baseline FY 2014-2015 budget recommendations (with adjustments as noted) and the recommended FY 2014-2015 RAMP program allocations for each asset.

(In Millions)	FY15 Delphi Baseline Budget	Adjustments	FY15 Budget Recommendation to TC	Delphi RAMP \$165M Average	FY15 Total With RAMP
Surface Treatment	\$149.5		\$149.5	\$85.7	\$235.2
Bridge, BE & Bridge Fixed Costs	\$135.0	\$4.5	\$139.5	\$28.7	\$168.2
MLOS	\$253.1	-\$1.8	\$251.3	\$0.0	\$251.3
Road Equipment	\$14.0		\$14.0	\$6.9	\$20.9
ITS	\$11.6	\$3.2	\$14.8	\$12.8	\$27.6

(In Millions)	FY15 Delphi Baseline Budget	Adjustments	FY15 Budget Recommendation to TC	Delphi RAMP \$165M Average	FY15 Total With RAMP
Rockfall	\$5.1		\$5.1	\$4.0	\$9.1
Buildings & Buildings COPs	\$9.6		\$9.6	\$11.2	\$20.8
Tunnels	\$1.5	\$1.0	\$2.5	\$9.9	\$12.4
Culverts	\$3.6		\$3.6	\$6.0	\$9.6
Walls	\$0.0		\$0.0	\$0.0	\$0.0
Total	\$583.0	\$6.9	\$589.9	\$165.2	\$755.1

WHEREAS, the Delphi presentation by the Property Program included a budget request for \$8.9 Million and RAMP request of \$13.5M RAMP Program 1, and the program was recommended to receive \$9.6 Million Baseline Budget and \$11.2M RAMP Program 1, which was proposed to be allocated thus:

\$9.6M Baseline Budget, including COPs:

- \$2.7 Million for Certificates of Participation (COPs)
- \$2.0 Million for Controlled/Deferred Maintenance
- \$0.1 Million for code review
- \$2.7 Million for 8 sand sheds
- \$0.73 Million for Twin Lakes Extensions and Roof
- \$1.13 Million for Crook Six Bay
- \$0.24 Million for Sugar City South

\$11.2M RAMP:

- \$9.7 Million for Region 1 KOA Master Improvement
- \$1.5 Million for Region 3 Walden Vehicle Storage Facility Replacements; and

WHEREAS, the Delphi presentation by the Tunnel Program included a baseline request for \$1.5 Million and a RAMP request of \$7.4 Million of RAMP Program 1; and the Asset Management Committee recommended that tunnels receive an additional \$1.0 Million, for a total of \$2.5 Million in the baseline budget. Tunnels were recommended to receive \$9.9 Million in RAMP Program 1. Proposed projects for these funds as follows:

\$2.5M Baseline Budget:

- \$0.5 Million for Hanging Lake Tunnel Backup Generator
- \$2.0 Million for Tunnels Inspections

\$9.9M RAMP:

- \$4.7 Million for Eisenhower – Johnson Memorial Tunnel Switchgear
- \$3.0 Million for Hanging Lake Tunnel VMS/CMS/LUS Replacement
- \$0.9 Million for No Name Tunnel and Beaver Tail Tunnel Lighting

- \$0.6 Million for Hanging Lake Tunnel CP6 Vertical Lift Doors
- \$0.33 Million for Hanging Lake Tunnel Lighting (may be modified pending CDC request)
- \$0.3 Million for Hanging Lake Tunnel Emergency Power Units
- \$0.05 Million for Hanging Lake Tunnel Fire Suppression Upgrade
- \$0.03 Million for Wolf Creek Tunnel Cameras to Monitor Tunnel Interior; and

WHEREAS, the Surface Treatment, Bridge On-System, Road Equipment, Intelligent Transportation Systems and Culverts programs utilize existing models or systems for prioritizing projects, managers of those assets shall ensure the model will guide project selection for the amount approved by the Transportation Commission Asset Management Committee following the FY'15 Delphi presentation; and

WHEREAS, the Rockfall Mitigation program is managed through the Rockfall Management Plan and is currently being further developed to also manage a broader range of geohazards, and until the comprehensive geohazard management plan is formally developed, the Rockfall Mitigation manager shall seek Transportation Commission approval of projects that in total will not exceed the amount approved by the Transportation Commission; and

WHEREAS, at a November 20, 2013 workshop, the Transportation Commission directed staff to increase Regional Priority Program (RPP) from \$10M to \$50M for the FY2015 budget. This will be accomplished by reducing the FASTER Safety line in the FY2015 budget by \$40M and redirecting those funds to safety elements of Asset Management programs, and using the \$40M of flexible funding from those Asset Management programs to increase RPP to the required \$50M; and

WHEREAS, at the November 20, 2013 workshop, the Transportation Commission directed that the distribution of the FY2015 RPP funding was to be calculated using the 45% VMT, 40% Lane Miles, 15% Truck VMT formula. This formula will sunset after the FY2015 budget and further Transportation Commission discussions will result in a formula for the 2040 Statewide Plan and for the FY2016 budget; and

WHEREAS, the State of Colorado state highway system experienced significant flood damage in September, 2013 and emergency relief efforts to repair the state highway system commenced immediately in CY2013 and continued into CY2014. The final FY2015 budget includes \$100M to support the first phase of the permanent recovery efforts.

NOW THEREFORE BE IT RESOLVED, that the Colorado Department of Transportation's FY 2014-2015 budget allocation plan for the period of July 1, 2014, including \$589.9 Million allocated to Asset Management Programs as indicated above, \$50 Million for RPP allocated by the 45/40/15 formula for FY2015 only, and \$100M for permanent flood recovery related state highway system repair costs, is approved by the Transportation Commission and submitted to the Governor on or before April 15, 2014.

BE IT FURTHER RESOLVED, that the Colorado Transportation Commission accepts staff recommendations for funding RAMP Asset Management in FY 2014-2015 with modifications outlined in this resolution and with the understanding that staff will implement the projects and spirit and intent of the plans as presented to the Transportation Asset Management

Committee or shall return to that Committee for approval of revision to those projects or plans.

Transportation Commission Secretary

Date

**Colorado Department of Transportation
Fiscal Year 2015 Final Budget 3/20/14**

Budget Category	Program Area	Directed by	FY15 Allocations	FY15 Budget	Funding Source
Maintain - Maintaining What We Have					
	CDOT Performed Work				
	Roadway Surface	TC	49,404,619	49,404,619	SH
	Roadside Facilities	TC	20,115,545	20,115,545	SH
	Roadside Appearance	TC	7,148,508	7,148,508	SH
	Structure Maintenance	TC	11,084,605	11,084,605	SH
	Tunnel Activities	TC	7,621,175	7,621,175	SH
	Snow and Ice Control	TC	64,339,139	64,339,139	SH
	Traffic Services *	TC	60,156,108	60,156,108	SH / 09-108
	Planning and Scheduling	TC	13,805,622	13,805,622	SH
	Material, Equipment and Buildings	TC	17,624,679	17,624,679	SH
			251,300,000	251,300,000	
	Contracted Out Work				
	Surface Treatment	TC	149,500,000	112,919,084	FHWA / SH
	Structures On-System Construction *	TC	19,100,000	14,426,452	FHWA / SH / 09-108
	Structures Inspection and Management *	TC	11,600,000	8,761,615	FHWA / SH / 09-108
	Rockfall Mitigation *	TC	5,100,000	3,852,089	SH / 09-108
	Highway Safety Investment Program	FR	29,812,448	22,517,688	FHWA / SH
	Railway-Highway Crossings Program	FR	3,194,739	2,413,023	FHWA / SH
	Hot Spots	TC	2,167,154	1,636,877	FHWA / SH
	Traffic Signals	TC	1,472,823	1,112,440	SH
	FASTER - Safety Projects	TC	47,900,000	36,179,425	09-108
	Maintain-Related Indirects/Overhead		-	43,111,419	
	Maintain-Related CDOT Construction Engineering		-	22,917,053	
			269,847,164	269,847,164	
	Capital Expenditure				
	Road Equipment	TC	14,000,000	14,000,000	SH
	Capitalized Operating Equipment	TC	3,760,247	3,760,247	SH
	Property	TC	7,236,096	7,236,096	SH
			24,996,343	24,996,343	
			Total:	546,143,507	546,143,507
Maximize - Safely Making the Most of What We Have					
	CDOT Performed Work				
	TSM&O: Performance Programs and Services		7,236,795	7,236,795	
			7,236,795	7,236,795	
	Contracted Out Work				
	Safety Education	Comb	9,829,982	7,424,699	FHWA/SH
	TSM&O: ITS Maintenance	TC	14,800,000	11,178,612	FHWA/SH
	TSM&O: Congestion Relief	TC	4,000,000	3,021,246	FHWA/SH
	Regional Priority Program	TC	50,000,000	37,765,580	FHWA/SH
	Maximize-Related Indirect/Overhead		-	12,562,111	
	Maximize-Related CDOT Construction Engineering		-	6,677,734	
			78,629,982	78,629,982	
	Capital Expenditure				
	TSM&O: ITS Investments	TC	10,000,000	10,000,000	SH
			10,000,000	10,000,000	
			Total:	95,866,777	95,866,777
Expand - Increasing Capacity					
	CDOT Performed Work				
			-	-	
	Contracted Out Work				
	Strategic Projects	SL	-	-	09-228
	Expand-Related Indirect		-	-	
	Expand-Related CDOT CE		-	-	
			Total:	-	-
Deliver - Program Delivery/Administration					
	Operations [including maintenance support]	TC	23,066,520	23,066,520	SHF
	DTD Planning and Research - SPR	FR	12,983,004	12,983,004	FHWA/SHF
	Administration (Appropriated)	SL	30,005,135	30,005,135	SHF
			Total:	66,054,659	66,054,659
Pass-Through Funds/Multi-modal Grants					
	Aeronautics				
	Division of Aeronautics to Airports	AB	42,200,000	42,200,000	FAA / SA
	Division of Aeronautics Administration	AB	900,000	900,000	SA
			43,100,000	43,100,000	
	Highway				
	Recreational Trails	FR	1,591,652	1,591,652	FHWA
	Transportation Alternatives Program	FR	11,855,057	11,855,057	FHWA / Local
	STP-Metro	FR	48,106,560	48,106,560	FHWA / Local
	Congestion Mitigation/Air Quality	FR	45,539,598	45,539,598	FHWA / Local
	Metropolitan Planning	FR	7,736,826	7,736,826	FHWA / SH / Local
	Bridge Off-System - TC Directed	TC	3,164,139	3,164,139	FHWA / SH / Local
	Bridge Off-System - Federal Program	FR	6,285,228	6,285,228	FHWA / SH / Local
			124,279,060	124,279,060	
	Transit				
	Federal Transit	FR	23,050,856	23,050,856	FTA / Local
	Strategic Projects - Transit	SL	-	-	09-228
	Transit and Rail Local Grants	SL	5,000,000	5,000,000	09-108
	Transit and Rail Statewide Grants	SL	8,800,000	8,800,000	09-108
	Transit Administration and Operations	SL	1,200,000	1,200,000	09-108
			38,050,856	38,050,856	
	Infrastructure Bank				
	Infrastructure Bank	TC	700,000	700,000	SIB
			Total:	206,129,916	206,129,916
Transportation Commission Contingency / Debt Service					
	Permanent Recovery				
	Permanent Recovery		100,000,000	75,531,160	
	Recovery-Related Indirect/Overhead		-	15,976,236	
	Recovery-Related CDOT Construction Engineering		-	8,492,605	
			100,000,000	100,000,000	
	Contingency				
	TC Contingency	TC	20,808,485	20,808,485	FHWA / SH
	Snow & Ice Reserve	TC	10,000,000	10,000,000	SH
			30,808,485	30,808,485	
	Debt Service				
	Strategic Projects - Debt Service	DS	167,841,700	167,841,700	FHWA / SH
	Certificates of Participation-Property		2,363,904	2,363,904	SH
	Certificates of Participation-Energy	DS	1,051,000	1,051,000	SH
			171,256,604	171,256,604	
			Total:	302,065,089	302,065,089
			1,216,259,948	1,216,259,948	

* Note: FASTER Safety funds were substituted for flexible funds in appropriate Asset Management Programs. Resulting available flexible funds were then added to Regional Priority Program.

Revenue **1,216,259,948** **1,216,259,948**

Key to acronyms:

IDC=Indirect Costs	SH=State Highway funding	TC=Transportation Commission	FR=Federal Requirements
CE=Construction Engineering	09-228=Funds from House Bill 09-228	BEB= Bridge Enterprise Board	SL=State Legislation
TC=Transportation Commission	09-108=Funds from House Bill 09-108 (FASTER)	DS= Debt Service Covenants	HPTEB=High Performance Transportation Enterprise Board
FHWA=Federal Highway Administration	FTA=Federal Transit Administration	AB=Aeronautics Board	Comb=Combination

State Bridge Enterprise Fiscal Year 2015 Final Budget 3/20/14						
Budget Category		Program Area	Directed by	FY15 Allocations	FY15 Budget	Funding Source
Maintain - Maintaining What We Have	CDOT Performed Work					
		Maintenance	BEB	250,000	250,000	09-108
		Scoping Pools	BEB	750,000	750,000	09-108
				1,000,000	1,000,000	
	Contracted Out Work					
		Bridge Enterprise Projects	BEB	93,735,996	70,799,885	09-108
		Maintain-Related Indirects/Overhead		-	14,975,484	
		Maintain-Related CDOT Construction Engineering		-	7,960,628	
				93,735,996	93,735,996	
			Total	94,735,996	94,735,996	
Maximize - Safely Making the Most of What We Have	CDOT Performed Work					
	Contracted Out Work					
			Total	-	-	
Expand - Increasing Capacity	CDOT Performed Work					
	Contracted Out Work					
			Total	-	-	
Deliver - Program Delivery/Administration	Administration			1,911,904	1,911,904	09-108
			Total:	1,911,904	1,911,904	
Pass-Through Funds/Multi-modal Grants	Highway					
			Total:	-	-	
Transportation Commission Contingency / Debt Service	Contingency					
		Bridge Enterprise - Contingency	BEB	-	-	09-108
				-	-	
	Debt Service					
		Bridge Enterprise - Debt Service	DS	18,234,000	18,234,000	FHWA / SH
			18,234,000	18,234,000		
		Total:	18,234,000	18,234,000		
			114,881,900	114,881,900		
		Revenue		114,881,900	114,881,900	

High Performance Transportation Enterprise Fiscal Year 2015 Final Budget 3/20/14						
Budget Category		Program Area	Directed by	FY15 Allocations	FY15 Budget	Funding Source
Maintain - Maintaining What We Have	CDOT Performed Work					
	Contracted Out Work					
			Total	-	-	
Maximize - Safely Making the Most of What We Have	CDOT Performed Work					
	Contracted Out Work					
			Total	-	-	
Expand - Increasing Capacity	CDOT Performed Work					
		High Performance Transportation Enterprise--Maintenance	HPTEB	-	-	Tolls
				-	-	Tolls
	Contracted Out Work					
		High Performance Transportation Enterprise--Projects	HPTEB	30,200,000	22,810,410	Tolls
		Expand-Related Indirect		-	4,824,823	
		Expand-Related CDOT CE		-	2,564,767	
			30,200,000	30,200,000	Tolls	
		Total	30,200,000	30,200,000		
Deliver - Program Delivery/Administration	High Performance Transportation Enterprise--Administration			1,375,000	1,375,000	Tolls
			Total:	1,375,000	1,375,000	
Pass-Through Funds/Multi-modal Grants	Highway					
			Total:	-	-	
Transportation Commission Contingency / Debt Service	Contingency					
	Debt Service					
			Total:	-	-	
			31,575,000	31,575,000		
		Revenue		31,575,000	31,575,000	

Total Consolidated Allocations **1,362,716,848** **1,362,716,848**
Total Consolidated Revenue **1,362,716,848** **1,362,716,848**