



COLORADO

Department of Transportation

Division of Accounting and Finance

4201 East Arkansas Avenue, Room 262
Denver, CO 80222

MEMORANDUM

TO: TRANSPORTATION COMMISSION
FROM: MARIA J. SOBOTA, CHIEF FINANCIAL OFFICER
DATE: MARCH 16, 2017
SUBJECT: FY 2017-18 FINAL ANNUAL BUDGET

Purpose

This memorandum presents the Fiscal Year (FY) 2017-18 Final Annual Budget and summarizes line item changes that have occurred since the proposed budget was adopted by the Transportation Commission (TC) in November 2016.

Action

This month, the TC is being asked to review and adopt the FY 2017-18 Final Annual Budget (see Attachment A) through resolution (see Consent Agenda tab) prior to submission to the Governor for approval on or before April 15, 2017.

Background & Details

Prior to adopting the final budget each spring, the TC reviews and adopts the Department's Proposed Budget each fall. In November 2016, the TC was presented with the FY 2017-18 Proposed Annual Budget in the official format required by the Office of State Budget and Planning (OSPB) and the Joint Budget Committee (JBC). It was reviewed and adopted by the TC for submission to OSPB and the JBC.

FY 2017-18 Final Annual Budget highlights that have been previously discussed with the TC include:

- A balanced budget;
- A set \$79.0 million General Fund transfer from Senate Bill (SB) 09-228, based on OSPB's budget request. This transfer is reflected in the strategic projects (line 56) and transit projects (line 86) line items within the budget. As outlined in the legislation, 10% of the anticipated funds are allocated to transit projects. The updated General Fund transfer scenario was presented to the TC in February 2017 in the Budget Workshop portion of the TC agenda;
- A shift in Asset Management program funding sources developed during the Asset Management Budget Setting Workshop held on January 30, 2014. Except for the Bridge Enterprise total, which was changed to \$112.2 million to reflect the most recent revenue estimate, total program amounts approved as part of the Asset Management work group process have not changed. The updated FY 2017-18 Asset Management table can be viewed in the Resolution located in the consent agenda;



- New revenue estimates for the Division of Aeronautics, which will see an increase to \$23.0 million in its FY 2017-18 budget allocation (line 73), and the High Performance Transportation Enterprise (HPTE), which will see an increase to \$18.7 million due to new tolling estimates for FY 2017-18. DAF will continue to review forecasted revenue on a regular basis, updating the TC on budget allocations as needed for FY 2017-18;

Additionally, there has been one change to the budget since the February TC meeting:

- A reduction in the Safety Education program by \$500,000. In February 2017, the Joint Budget Committee (JBC) approved a total Marijuana Tax Cash Fund allocation to CDOT of \$950,000, a decrease from CDOT's original request of \$1.45 million for FY 2017-18. This \$500,000 decrease from the FY 2017-18 Draft Budget is reflected in the FY 2017-18 Final Annual Budget (line 40).

Key Benefits

The TC is required to adopt the FY 2017-18 Final Annual Budget to meet the statutory deadline of April 15, 2017. Any changes in the adopted budget after this period will be addressed through the budget supplement process.

Options and Recommendations

1. Adopt the FY 2017-18 Final Annual Budget by resolution (see Consent Agenda tab for FY 2017-18 Final Annual Budget and Resolution) - **STAFF RECOMMENDATION**;
2. Request additional changes to FY 2017-18 Final Annual Budget prior to review and adoption;
3. Do not approve the FY 2017-18 Final Annual Budget.

Next Steps

Upon adoption, the FY 2017-18 Final Annual Budget will be delivered to the Governor for approval on or before April 15, 2017. As in previous years, the budget may be updated to include revised Common Policy and Legislative Decisions. In addition, the budget may be changed to reflect updated SB 09-228 estimates and other legislatively appropriated changes. Toward the end of March 2017, OSPB and the Legislative Council will release forecasts for SB 09-228, which will detail the likelihood of TABOR refunds and expected General Fund transfers to CDOT. If necessary, the budget will be updated to reflect new information provided by these forecasts.

The FY 2017-18 Narrative Budget, submitted to the Governor's Office, will be changed accordingly after TC adoption of the Final Budget. A final version of the Narrative Budget will be available online in July 2017.

Attachments

Attachment A: Fiscal Year 2017-18 Final Annual Budget



**Attachment A: Colorado Department of Transportation
FY 2017- 18 Final Annual Budget**

	Budget Category	Program Area	Directed by	FY 2017-18 Allocations	FY 2017-18 Budget	Funding Source
1	Maintain - Maintaining What We Have					
2		CDOT Performed Work				
3		Roadway Surface	TC	36,527,517	36,527,517	SH
4		Roadside Facilities	TC	24,541,847	24,541,847	SH
5		Roadside Appearance	TC	10,703,416	10,703,416	SH
6		Structure Maintenance	TC	6,149,783	6,149,783	SH
7		Tunnel Activities	TC	5,984,466	5,984,466	SH
8		Snow and Ice Control	TC	79,083,737	79,083,737	SH
9		Traffic Services	TC	65,457,519	65,457,519	SH
10		Planning and Scheduling	TC	17,306,562	17,306,562	SH
11		Material, Equipment and Buildings	TC	17,745,153	17,745,153	SH
12				263,500,000	263,500,000	
13		Contracted Out Work				
14		Surface Treatment /2	TC	226,525,000	186,645,261	FHWA/ SH/ 09-108: \$0.98M
15		Structures On-System Construction /1 /2	TC	60,980,000	50,244,468	FHWA/ SH/ 09-108: \$16.12M
16		Structures Inspection and Management /2	TC	9,080,000	7,481,465	SH
17		Geohazards Mitigation /1	TC	10,300,000	8,486,684	09-108: \$10.3M
18		Highway Safety Improvement Program	FR	42,518,853	35,033,406	FHWA / SH
19		Railway-Highway Crossings Program	FR	3,347,359	2,758,056	FHWA / SH
20		Hot Spots	TC	2,167,154	1,785,626	FHWA / SH
21		Traffic Signals /1 /2	TC	15,545,646	12,808,834	FHWA/ SH/ 09-108: \$12.6M
22		FASTER - Safety Projects	TC	62,517,819	51,511,554	09-108
23		Permanent Water Quality Mitigation	TC	6,500,000	5,355,675	FHWA / SH
24		Maintain-Related Indirects/Overhead /2			47,364,822	
25		Maintain-Related CDOT Construction Engineering /2			30,005,978	
26				439,481,831	439,481,830	
27		Capital Expenditure				
28		Road Equipment /2	TC	23,000,000	23,000,000	SH
29		Capitalized Operating Equipment	TC	3,760,247	3,760,247	SH
30		Property /2	TC	17,500,000	17,500,000	SH
31				44,260,247	44,260,247	
32			Total:	747,242,078	747,242,077	
33	Maximize - Safely Making the Most of What We Have					
34		CDOT Performed Work				
35		TSM&O: Performance Programs and Services	TC	607,619	607,619	SH
36		TSM&O Traffic Incident Management	TC	1,989,156	1,989,156	SH
37		TSM&O: ITS Maintenance	TC	25,600,000	25,600,000	SH
38				28,196,775	28,196,775	
39		Contracted Out Work				
40		Safety Education	Comb	14,361,809	12,514,797	NHTSA / SSE
41		TSM&O: Congestion Relief	TC	4,750,000	3,913,762	FHWA / SH
42		Regional Priority Program	TC	48,375,000	39,858,579	FHWA / SH
43		Road X	TC	12,096,525	9,966,931	FHWA / SH
44		ADA Compliance		10,500,000	8,651,474	FHWA / SH
45		Maximize-Related Indirect/Overhead /2			9,291,533	
46		Maximize-Related CDOT Construction Engineering /2			5,886,257	
47				90,083,334	90,083,334	
48		Capital Expenditure				
49		TSM&O: ITS Investments	TC	10,000,000	10,000,000	FHWA / SH
50				10,000,000	10,000,000	
51			Total:	128,280,109	128,280,109	
52	Expand - Increasing Capacity					
53		CDOT Performed Work				
54						
55		Contracted Out Work				
56		Strategic Projects (including I-25 North)	SL	71,100,000	58,582,841	09-228
57		National Freight Program	FR	18,481,674	15,227,974	FHWA / SH
58		Expand-Related Indirect /2			9,654,597	
59		Expand-Related CDOT Construction Engineering /2			6,116,261	
60				89,581,674	89,581,674	
61			Total:	89,581,674	89,581,674	
62	Deliver - Program Delivery/Administration					
63		Operations [including maintenance support]	TC	32,193,758	32,193,758	SH
64		Projects Initiatives	TC	2,455,000	2,455,000	FHWA / SH
65		DTD Planning and Research - SPR	FR	13,917,775	13,917,775	FHWA / SH
66		Administration (Appropriated)	SL	31,231,555	31,231,555	SH
67		HPTE Fee for Service	TC	4,774,500	4,774,500	SH
68			Total:	84,572,588	84,572,588	
69	Pass-Through Funds/Multi-modal Grants					
70		Aeronautics				
71		Division of Aeronautics to Airports	AB	21,875,000	21,875,000	SA
72		Division of Aeronautics Administration	AB	1,125,000	1,125,000	SA
73				23,000,000	23,000,000	
74		Highway				
75		Recreational Trails	FR	1,591,652	1,591,652	FHWA
76		Safe Routes to School	TC	2,500,000	2,500,000	FHWA
77		Transportation Alternatives Program	FR	12,375,268	12,375,268	FHWA / LOC
78		STP-Metro	FR	52,965,458	52,965,458	FHWA / LOC
79		Congestion Mitigation/Air Quality	FR	48,312,652	48,312,652	FHWA / LOC
80		Metropolitan Planning	FR	8,437,375	8,437,375	FHWA / FTA / LOC
81		Bridge Off-System - TC Directed	TC	3,164,139	3,164,139	FHWA / SH / LOC
82		Bridge Off-System - Federal Program	FR	6,287,340	6,287,340	FHWA / SH / LOC
83				135,633,884	135,633,884	
84		Transit				
85		Federal Transit	FR	27,463,231	27,463,231	FTA / LOC
86		Strategic Projects -Transit	SL	7,900,000	7,900,000	09-228
87		Transit and Rail Local Grants	SL	5,000,000	5,000,000	09-108
88		Transit and Rail Statewide Grants	TC	6,000,000	6,000,000	09-108
89		Bustang	TC	3,000,000	3,000,000	09-108
90		Transit Administration and Operations	TC	1,000,000	1,000,000	09-108
91				50,363,231	50,363,231	
92		Infrastructure Bank				
93		Infrastructure Bank	TC	400,000	400,000	SIB
94			Total:	209,397,115	209,397,115	
95	Transportation Commission Contingency / Debt Service					
96		Permanent Recovery				
97		Permanent Recovery		129,500,000	106,701,518	FHWA
98		Recovery-Related Indirect/Overhead /2			13,956,765	
99		Recovery-Related CDOT Construction Engineering /2			8,841,717	
100				129,500,000	129,500,000	
101						
102		Contingency				
103		TC Contingency	TC	16,500,000	16,500,000	FHWA / SH
104		TC Program Reserve	TC	9,742,283	9,742,283	FHWA / SH
105		Snow & Ice Reserve	TC	10,000,000	10,000,000	SH
106				36,242,283	36,242,283	
107		Debt Service				
108		Strategic Projects - Debt Service	DS	-	-	FHWA / SH
109		Certificates of Participation-Property	DS	2,366,192	2,366,192	SH
110		Certificates of Participation-Energy	DS	1,056,400	1,056,400	SH
111				3,422,592	3,422,592	
112			Total:	169,164,875	169,164,875	
				1,428,238,439	1,428,238,439	

Revenue **1,428,238,439** **1,428,238,439**

/1 FASTER Safety funds (\$40.0M) were substituted for flexible funds in appropriate Asset Management Programs. Resulting available flexible funds were then added to Regional Priority Program.

/2 CE and indirects are calculated based on total programs as shown.

Flexible Funds

Key to acronyms:

LOC=Loc DS= Debt Service Covenants
SIB=St. AB=Aeronautics Board
TC=Trans FR=Federal Requirements

SH=State Highway funding
FHWA=Federal Highway
FTA=Federal Transit

SL=State Legislation
Comb=Combination
SSE=State Safety Education

09-228=Funds from HB 09-228
09-108=Funds from HB 09-108 (FASTER)
NHTSA=Nat. Hwy. Traffic Safety Administration

SA=State Aeronautics

**State Bridge Enterprise
FY 2017- 18 Final Annual Budget**

	Budget Category	Program Area	Directed by	FY 2017-18 Allocations	FY 2017-18 Budget	Funding Source
1	Maintain - Maintaining What We Have					
2		CDOT Performed Work				
3		Maintenance	BEB	250,000	250,000	09-108
4		Scoping Pools	BEB	750,000	750,000	09-108
5				1,000,000	1,000,000	
6		Contracted Out Work				
7		Bridge Enterprise Projects	BEB	91,095,761	75,058,347	09-108
8		Maintain-Related Indirects/Overhead /1			9,817,777	
9		Maintain-Related CDOT Construction Engineering /1			6,219,637	
10				91,095,761	91,095,761	
11			Total	92,095,761	92,095,761	
12	Maximize - Safely Making the Most of What We Have					
13		CDOT Performed Work				
14		Contracted Out Work				
15			Total	-	-	
16	Expand - Increasing Capacity					
17		CDOT Performed Work				
18		Contracted Out Work				
19			Total	-	-	
20	Deliver - Program Delivery/Administration					
21		Administration and Legal Fees		1,911,904	1,911,904	09-108
22			Total:	1,911,904	1,911,904	
23	Pass-Through Funds/Multi-modal Grants					
24		Highway				
25			Total:	-	-	
26	Transportation Commission Contingency / Debt Service					
27		Contingency				
28		Bridge Enterprise - Contingency	BEB	-	-	09-108
29						
30		Debt Service				
31		Bridge Enterprise - Debt Service	DS	18,234,000	18,234,000	FHWA / SH
32				18,234,000	18,234,000	
33			Total:	18,234,000	18,234,000	
				112,241,665	112,241,665	

/1 CE and indirects are calculated based on total programs as shown.

Revenue **112,241,665** **112,241,665**

Key to acronyms:

BEB= Bridge Enterprise Board

DS= Debt Service Covenants

**High Performance Transportation Enterprise
FY 2017- 18 Final Annual Budget**

	Budget Category	Program Area	Directed by	FY 2017-18 Allocations	FY 2017-18 Budget	Funding Source
1	Maintain - Maintaining What We Have					
2		CDOT Performed Work				
3		Contracted Out Work				
4			Total	-	-	
5	Maximize - Safely Making the Most of What We Have					
6		CDOT Performed Work				
7		Contracted Out Work				
8			Total	-	-	
9	Expand - Increasing Capacity					
10		CDOT Performed Work				
11		High Performance Transportation Enterprise--Maintenance	HPTEB	-	-	Tolls/Managed Lanes Revenue
12						Tolls/Managed Lanes Revenue
13		Contracted Out Work				
14		High Performance Transportation Enterprise--Projects	HPTEB	13,954,350	13,954,350	Tolls/Managed Lanes Revenue
15		Expand-Related Indirect				
16		Expand-Related CDOT Construction Engineering				
17				13,954,350	13,954,350	Tolls/Managed Lanes Revenue
18			Total	13,954,350	13,954,350	
19	Deliver - Program Delivery/Administration					
20		High Performance Transportation Enterprise--Administration and Legal Fees		4,774,500	4,774,500	Fee for Service
21			Total:	4,774,500	4,774,500	
22	Pass-Through Funds/Multi-modal Grants					
23		Highway				
24			Total:	-	-	
25	Transportation Commission Contingency / Debt Service					
26		Contingency				
27		Debt Service				- Fee for Service
28			Total:	-	-	
				18,728,850	18,728,850	

Revenue **18,728,850** **18,728,850**

Key to acronyms:

HPTEB=High Performance Transportation Enterprise Board

HPTE Fee For Service Revenue & Allocation Adjustment **(4,774,500)** **(4,774,500)**

Total Consolidated Allocations **1,554,434,453** **1,554,434,453**

Total Consolidated Revenue **1,554,434,453** **1,554,434,453**

Resolution # TC-

RESOLUTION FOR THE FISCAL YEAR 2017-18 ANNUAL BUDGET

WHEREAS, in accordance with § 43-1-113 (2), C.R.S. (2016) requires the Transportation Commission to submit a draft budget allocation plan for moneys subject to its jurisdiction for the fiscal year beginning on July 1, 2017 to the Joint Budget Committee, the House Transportation and Energy Committee, the Senate Transportation Committee and the Governor on or before December 15, 2016 for their review and comments; and

WHEREAS, C.R.S. § 43-1-113(9)(c) requires 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 2017-18; and

WHEREAS, the chart below shows the baseline Fiscal Year 2017-18 budget recommendations for Asset Management:

Program	Total (millions)
Surface Treatment	\$231.4
Bridge, BE and Bridge Fixed Costs	\$155.4
MLOS	\$263.5
Road Equipment	\$23.0
ITS Maintenance	\$23.0
Geohazards	\$8.5
Buildings	\$17.5
Tunnels	\$6.4
Culverts	\$9.1
Walls	\$4.6
Traffic Signals	\$12.6
TOTAL	\$755.0

WHEREAS, under Policy Directive 703.0, those Asset Management programs with Transportation Commission approved metrics shall rely on statewide asset management models to develop their projects lists and those without approved metrics shall provide project lists to the Transportation Commission; and

WHEREAS, the Fiscal Year 2017-18 budget allocation plan contains funding requests from Colorado Department of Transportation Divisions to increase program allocations from the Fiscal Year 2016-17 budget allocation plan; and

WHEREAS, these funding requests are included within the Fiscal Year 2017-18 budget allocation plan; and

WHEREAS, the Colorado Department of Transportation has continuously adhered to the Americans with Disabilities Act (ADA) of 1990 and has created a separate program in the Fiscal Year 2017-18 budget allocation plan to address ADA compliance; and

WHEREAS, the Transportation Commission has authorized a Program Reserve line item in the Fiscal Year 2017-18 budget allocation plan for future Division funding requests; and

WHEREAS, Fiscal Year 2017-18 revenue forecasts are based on current federal appropriation guidelines, which may change by July 1, 2017; and

WHEREAS, the Transportation Commission has the statutory authority to alter the Fiscal Year 2017-18 proposed budget allocation plan before and/or after it is delivered to the Governor on April 15, 2017.

NOW THEREFORE BE IT RESOLVED, that the Colorado Department of Transportation's budget allocation plan for the period of July 1, 2017 through June 30, 2018, including \$755.0 million allocated to Asset Management Programs as indicated above, is approved by the Transportation Commission and submitted to the Governor on or before April 15, 2017.

Transportation Commission Secretary

Date