



COLORADO

Department of Transportation

Division of Accounting and Finance

4201 East Arkansas Avenue, Room 262
Denver, CO 80222

MEMORANDUM

TO: TRANSPORTATION COMMISSION
FROM: HERMAN STOCKINGER, ACTING CHIEF FINANCIAL OFFICER (CFO)
DATE: AUGUST 16, 2017
SUBJECT: FY 2018-19 BUDGET TOPICS

Purpose

This memorandum summarizes information related to FY 2018-19 budget topics and timing, including:

- Introduction to CDOT budget process
- Timeline
- Revenue forecasts
- Decision Items

Action

No formal action required. Content is being presented to the Transportation Commission (TC) for informational purposes only.

Background & Details

The Division of Accounting and Finance (DAF) has started to compile the necessary information to produce the FY 2018-19 Budget Allocation Plan. To better serve internal stakeholders, DAF is enhancing its budget processes for FY 2018-19. In an effort to educate CDOT as a whole, DAF is currently in the process of meeting with every Division within CDOT in order to describe how it constitutes and organizes revenues and expenditures in the annual budget. DAF's continued use of Work Plan Budgeting for FY 2018-19 is a featured aspect of the meetings.

Introduction to the CDOT Budget Process

In July 2017, DAF began holding meetings with all Divisions in CDOT, educating them on DAF's budget formulation actions and policies. These meetings are part of an ongoing initiative to help bring internal stakeholders into the budget formulation process to a greater degree, which will create a more participatory budget for stakeholders and foster relations between DAF and all internal groups. The meetings includes an explanation of the budget timeline and a demonstration to Divisions/Regions on how to fill out their Work Plan Budget requests for FY 2018-19.



Timeline

For informational purposes, DAF presents the TC with a projected timeline for FY 2018-19 budget activities.

Month	Action Item
August	Preparing TC for Upcoming Budget Deliverables
August	Discuss FY 2016-17 Roll Forwards
September	FY 2016-17 Budget and TCCRF Reconciliation - Staff and TC Review
September	FY 2018-19 Revenue Projections - Staff and TC Review
October	FY 2018-19 Draft Budget for Review/Direction - Staff and TC Review
November	FY 2018-19 Proposed Budget Approved by TC and Submitted to Office of State Planning & Budget (OSPB)
January	EMT Review of FY 2018-19 Decision Items
February	FY 2018-19 Decision Items and Work Plan Budgets - EMT/TC Review and Approval
February	FY 2018-19 Draft Budget for Review/Direction - EMT and TC Review
March	TC Adopts FY 2018-19 Final Budget
On or Before April 15th	Re-Submit FY 2018-19 Final Budget to OSPB for Governor's Approval

Revenue Forecasts

In September 2017, DAF will present the TC with FY 2018-19 revenue estimates. A draft FY 2018-19 budget will be prepared based on estimated revenue. All revenue specific to a program (i.e., FAST Act and State mandated programs such as safety education and Aeronautics) will automatically be adjusted based on FY 2018-19 revenue estimates. All other program amounts will be based on the FY 2017-18 budget amounts as approved by the TC in March 2017.

Decision Items

DAF has retained the Decision Item process for FY 2018-19. Because of the Work Plan Budget process, DAF will present Decision Items to the EMT and TC in January and February, during construction of the Final Annual Budget. This process will allow DAF and Divisions more time to submit important program changes (and related information) for EMT/TC approval. If necessary, DAF will present, earlier in the process, important FY 2018-19 Decision Items for TC review as they are received.

Next Steps

DAF will hold a TC budget workshop in September 2017 to review a revenue forecast for FY 2018-19. In future months, the Department will provide FY 2018-19 budget information to the TC for guidance, and to meet Office of State Planning and Budget (OSPB) and statutory requirements. DAF will continue to hold meetings with each Division in CDOT over the next two months to discuss their annual budgets, including traveling to each Region to meet face-to-face with Region leadership.

Attachments

N/A





MEMORANDUM

TO: TRANSPORTATION COMMISSION
FROM: HERMAN STOCKINGER, ACTING CHIEF FINANCIAL OFFICER (CFO)
DATE: AUGUST 17, 2017
SUBJECT: FY 2016-17 COST CENTER ROLL FORWARD REQUESTS

Purpose

This memorandum provides an opportunity for the Transportation Commission (TC) to review and approve the FY 2016-17 cost center roll forward requests according to PD 703.0.

Action

The TC is being asked to approve two roll forwards for the Division of Highway Maintenance: \$3.2 million from the Snow and Ice Contingency Fund and \$5.2 million for Maintenance Levels of Service (MLOS) projects. All other items are informational. Approved FY 2016-17 roll forward requests will be rolled into FY 2017-18 cost center balances.

Background & Details

In accordance with Policy Directive (PD) 703.0, all requests to roll forward ending cost center balances from the previous to the current fiscal year in amounts less than \$1.0 million are subject to approval by Executive Management. Two signatures are required for approval. Also according to PD 703.0, roll forward requests of \$1.0 million or greater require approval by the TC. These requests must be reviewed by the CFO and Executive Management, who will decide whether to recommend approval before submitting requests to the TC for consideration in their monthly meeting.

Preliminary cost center reconciliations show current unspent FY 2016-17 cost center balances available to roll forward. FY 2016-17 Accounting Period 13 closed on August 4. The Division of Accounting and Finance (DAF) will provide a final reconciliation to the TC in September. All remaining unspent funds will be rolled into the Transportation Commission Program Reserve Fund.

\$3.2 Million Roll Forward for the Division of Highway Maintenance from the Snow and Ice Contingency

At the close of each fiscal year, unspent TC Snow and Ice Contingency funds become available to be repurposed. Based on previous TC direction, Staff is able to request half of the remaining balance be rolled for specific maintenance uses. The Division of Highway Maintenance requests that \$3.2 million of the remaining balance of FY 2016-17 Snow and Ice Contingency funds be rolled forward to fund two specific initiatives: 1) 10 tow plows ((\$1.2 million), and 2) Region 3 Avalanche Gazex Project-Construction Costs (\$2.0 million) (see Attachment A for details).

\$5.2 Million Roll Forward for the Division of Highway Maintenance from MLOS

At the close of each fiscal year, unspent MLOS funds become available to be repurposed. The Division of Highway Maintenance requests that \$5.2 million of the remaining balance of FY 2016-17 MLOS funds



be rolled forward to fund 12 specific projects (see Attachment A for list of projects). These projects will serve to advance several crucial Division of Highway Maintenance objectives.

Staff Approved Roll Forwards

According to PD 703.0, roll forward requests that are less than \$1.0 million can be approved by two Executive Management signatures. Attachment B lists FY 2016-17 to FY 2017-18 roll forward requests that have been approved by Executive Management, totaling \$1.9 million. These roll forwards will allow six CDOT offices to further advance their program goals in FY 2017-18 (see Attachment B for details).

Automatic Roll Forwards

According to statutory, regulatory, or Departmental guidelines, a number of roll forwards are automatically enacted each fiscal year. The total estimated amount of these automatic roll forwards into FY 2017-18 is \$115.8 million (see Attachment C). The larger automatic roll forwards are explained below:

- **Bridge Enterprise (BE), \$3.3 million:** Bridge Safety Surcharge funds are required to stay in BE and will be used for administration and operations of the BE program in FY 2017-18.
- **High Performance Transportation Enterprise (HPTE), \$5.6 million:** As an Enterprise, HPTE funds are required to stay in the program and will be used for administration, project development and ongoing operations of existing Express Lanes.
- **Aeronautics, \$17.4 million:** The large roll forward covers grants that are multi-year commitments and fuel refunds that are statutorily obligated to be paid to airports.
- **Intelligent Transportation Systems (ITS), \$9.5 million:** Task and purchase orders for multi-year engineering, technical, and maintenance projects were created late in FY 2016-17 and are being rolled over into FY 2017-18.
- **RoadX, \$1.6 million:** There are multiple consulting contracts that were not in place at the end of FY 2016-17 but are signed for FY 2017-18.
- **DTR Bustang, \$3.6 million:** Roll forward money will be used to maintain Bustang operations and for the purchase of new technology to track ridership and improve related data. Bustang revenue is comprised of FASTER Transit and fare revenue and cannot be repurposed.

Options and Recommendations

1. Approve the Division of Highway Maintenance's \$8.4 million roll forward requests (Resolution included in Act on Consent Agenda). -- **STAFF RECOMMENDATION.**
2. Ask for more information on the submitted roll forward requests or approve only one of the Division of Highway Maintenance requests.
3. Deny both requests.

Next Steps

1. With TC approval, DAF will roll the FY 2016-17 funds into FY 2017-18.
2. In September, DAF will provide the TC with revenue and cost center reconciliations.

Attachments

Attachment A: MLOS Cost Center Roll Forward Request

Attachment B: FY 2016-17 Staff Approved Cost Center Roll Forwards

Attachment C: Automatic Roll Forwards



Attachment A: MLOS Cost Center Roll Forward Request

FY 2016-17 Roll Forward Requests for TC Approval

	Request Amount	Justification and Consequences
Division of Highway Maintenance		
<i>MLOS projects</i>		
Region 1 Traffic Costs	\$1,800,000	When Region 1 Signals moved to HQ TSM&O the expectation was Region 1 Traffic would transfer their MLOS signal allocation in perpetuity. However, after 2 years, the MLOS budget readjusted and no longer gave Region 1 an allocation for signals. This \$1.8 million will make the Region Traffic budget whole without impacting other important program areas such as striping. The signal allocation will remain with the Region in advance of the signal program transitioning back to the Region in FY 19 and will allow for MLOS to start accounting for a signal allocation again.
JOA Costs	\$1,000,000	The \$1,000,000 will continue to support additional staffing in the Summit County area. Additional staffing requires placing employees in travel status, causing the department to incur housing costs and per diem. \$1.0 million will cover the travel costs for the JOA and prevent Region 3 from using operating funds for these costs.
Pavement Marking Project Costs	\$300,000	This is the remaining funding for the \$1 Million challenge that TSM&O awarded to Region 1. If not funded is that the \$1 Million challenge will not be completed on I-70 Mountain Corridor.
Region 5 Avalanche Gazex Project-Design Costs	\$100,000	\$100,00 of funding will be used to design the installation of Gazex Avalanche projects in Region 5 on Monarch Pass, Wolf Creek Pass, and Lizard Head Pass
Additional Bulk Fuel Sites	\$1,000,000	\$1,000,000 will create 10 to 12 additional locations for bulk fuel sites. Each bulk fuel location provides cost savings and creates redundancy for emergency operations. The cost savings is estimated at \$0.32 per gallon when CDOT purchases in bulk as opposed to commercial retail.
Next Development of AVL and in vehicle Wi-Fi	\$50,000	This \$50,000 provides funding to purchase the equipment for AVL in crew trucks and snowplows. CDOT is continuing to develop AVL as a tool to be used in all aspects of operations. This next phase provides in-vehicle Wi-Fi, which will also be piloted with this funding, as remote communications becomes more necessary as additional systems and sensors are deployed on equipment assets.
Weather Radar for Alamosa	\$100,000	This \$100,000 will cover a portion of the costs for the San Luis C-band radar. The project is a joint effort between CDOT, DNR, and the San Luis Valley Water Conservation Authority. The radar will provide CDOT maintenance staff in the area with upcoming and current storm information for better decision-making during summer and winter operations, such a paving, chip seals, striping, plowing, etc.
Winter Operations Route Optimization	\$500,000	The \$500,000 will cover the route optimization project. The project will cover 3 phases. Phase I will involve a dynamic route optimization that takes in all GIS data (weather-related problem areas, crash data, AVL, congestion studies, cycle times, winter ops plans) and challenges the established, historic plow routes with new, routing results. Phase II will involve the licensing of an optimization software to iron out any further deficiencies found in the Phase I routing results. Phase III will develop an adaptive, connected vehicle routing platform for responsive, real-time snow plow routing to assist in avoiding traffic incidents that can be used by dispatchers at the TOC and frontline supervisors.



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Region 1 EJMT Electrical Upgrades	\$50,000	\$50,000 will purchase an electrical switch gear required Region 1 electrical updates at the EJMT.
Region 1 and 2 Salt Brine Equipment	\$300,000	This \$300,000 will be used to purchase salt brine equipment for Regions 1 and 2. Salt brine is a proven, anti-icing agent that assists with snow and ice build-up on our highways. It is the primary source of anti-icing for CDOT.
Total MLOS Projects	\$5,200,000	

<i>TC Snow & Ice Contingency</i>		
10 Tow Plows	\$1,200,000	The Division of Highway Maintenance is requesting to reinvest \$3.2 million of TC Snow and Ice Contingency funds for snow and ice equipment. These investments will pay back dividends in efficiencies and safety for CDOT employees and the traveling public. Tow plows allow a single snowplow to remove snow from two lanes at once. The tow plow: 1) Reduces risk of snowplow/private vehicle accidents; 2) Reduces operating costs for snow removal, and 3) Increases levels of service due to reducing lane clearance response times and more efficient road product application. A reduction of \$1.2 million from the FY 2017-18 budget will force five replacement-worthy trucks to remain on the road in FY 2017-18.
Region 3 Avalanche Gazex Project-Construction Costs	\$2,000,000	CDOT's Gazex systems on Loveland and Berthoud Passes were operationally successful. These successes reduced worker exposure to high explosives and saved \$82,000 in explosives costs and 271 man-hours in preparation for missions using Gazex. The next phase of deployment utilizing this \$2.0 million request will complete the Berthoud Pass Gazex program by installing a small system in the "Eighties" avalanche path and installing systems around the portals of the Eisenhower Johnson Memorial Tunnel (EJMT) on the west side of the pass. Rejecting the request will force CDOT employees to continue using high explosives to control avalanches.
Total Snow and Ice Contingency	\$3,200,000	

Total Division of Highway Maintenance: \$8,400,000



Attachment B: FY 2016-17 Staff Approved Cost Center Roll Forwards

FY 2016-17 Cost Center Roll Forward Requests for Staff Approval

		Request Amount	Notes and Consequences if Not Approved
Communications			
ECTCC-010	CDOT on Air	\$27,892	Purchase Order (PO) Expires on 9/30/2017 and is still consuming budget. If not approved, PO will consume FY 2017-18 budget.
Total Communications		\$27,892	
Division of Highway Maintenance			
R14MS-010	JOA Striping	\$229,911	JOA Striping project \$22,911 is part of a \$1.0 million allotment from the TC for calendar year 2017.
SM027-010		\$266,475	Sufficient operating budget was not requested on the FY 2017-18 Work Plan. Funding pool will not have sufficient funds to cover fleet operating and fleet maintenance activities.
SM011-010	DHM - NHI Maintenance Leadership Academy	\$110,000	NHI Maintenance Leadership Academy, which will provide training for 33 mid-level supervisors. To date the Academy has trained over 60 employees.
Total Division of Highway Maintenance		\$606,386	
Division of Transportation Development			
DT505-010	Transportation Planning	\$131,250	These funds were set aside to cover the match portion of the Western Road Usage Charge (WRUC) Project. The WRUC program is required to match the federal portion and without these funds the program would not meet their contractual obligation.
DT535-010	Information Management/Traffic Data Collection	\$416,068	The Data Collections Unit in DTD has active POs assigned to this cost center. CDOT will be not be able to pay the vendors' expenses when the reimbursement requests are submitted. Fully executed purchase orders have agreements committing these funds.
Total Division of Transportation Development		\$547,318	
Human Resources			
E0441-010	Service Awards	\$3,260	Roll funds from FY17 E0440-010 to FY18 E0441-010 (FY 2017-18 new cost center) for FY 2017-18 service awards not yet paid for. FY 2016-17 expenses will consume FY 2017-18 budget if not approved.
Total Human Resources		\$3,260	

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Process Improvement

E0444-010	Innovative Methods Training	\$134,000	<p>This request for rolling over funds from FY17 to FY18 will be used to provide technical training on process improvement innovation methods and related support to CDOT line managers. This targeted training will provide CDOT leaders and managers with the tools and methods to help them and their teams identify inefficiencies and issues; develop innovative solutions to those issues; and implement those innovations to streamline CDOT operations. This, in turn, will assist CDOT in providing services more effectively and efficiently in the future, ensuring that we provide good value for taxpayers.</p> <p>Additionally, as these innovations are successfully implemented in one part of CDOT, these funds will be used to help implement those improvements in other similar CDOT groups. For instance, when an improvement is made at one Engineering Residency, these funds will be used to help implement that improvement at other similar Engineering Residencies.</p>
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Total Process Improvement **\$134,000**

TSM&O

OP100-010	TSMO Mission Critical Services	\$112,153	<p>These funds were held back in case they were needed to fund mission critical services in the event that a budget supplement was not obtained by the end of FY 2016-17. Because the FY 2016-17 budget supplement was approved in March, these funds were unable to be encumbered and spent by the end of the fiscal year. These funds are vital in FY 2017-18 to sustain mission critical services like TMC contracted operators, Safety Patrol vehicles and service hours, and performance measures in support of the Governor's Vision 2018 efforts. Non-rollover would result in insufficient funding to complete necessary program support and would result in not meeting completion of scheduled FY 2017-18 initiatives.</p>
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OP105-010	TSMO Operations	\$432,061	<p>These funds were unable to be encumbered and spent by the end of the fiscal year. TSM&O consumed roughly 80% of funds received during the last fiscal quarter. A possible need for a roll forward was messaged to the CFO and EMT group in deciding on the FY 2016-17 budget supplement. These funds are vital in FY 2017-18 to sustain mission critical services like TMC contracted operators, Safety Patrol vehicles and service hours, and performance measures in support of the Governor's Vision 2018 efforts. Non-rollover would result in insufficient funding to complete necessary program support and would result in not meeting completion of scheduled FY 2017-18 initiatives.</p>
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Total TSM&O **\$544,213**

Total: **\$1,863,070**



Attachment C: Automatic Roll Forwards

CDOT Automatic Roll Forward Cost Centers (FY 2016-17)*

Program	Cost Centers	Roll Forward Criteria	Justification	Project or Operating Expense	Responsible Party	Estimate
Bridge Enterprise (BE)	All BE Cost Centers (Fund 538)	All fund balances	Statutory	Both	BE Board/OFMB	\$3,302,112
High Performance Transportation Enterprise (HPTE)	All HPTE Cost Centers (Fund 536-537)	All fund balances	Statutory	Both	HPTE Board/OFMB	\$5,633,305
FASTER Transit	All FASTER Transit Cost Centers	All fund balances	Statutory	Operating	DTR	\$471,108
FTA Grants	All FTA Grant Cost Centers	All fund balances	FTA - US Code	Operating	DTR	\$35,788,648
DTR Bustang	All Bustang Cost Centers	All fund balances	Statutory	Operating	DTR	\$3,559,375
Aeronautics	All Aeronautics Cost Centers (Fund 160)	All fund balances	Statutory	Both	Aero Board	\$17,426,967
Motorcycle Operator Safety Training (MOST)	All MOST Cost Centers (Fund 402)	All fund balances	Statutory	Both	Office of Transportation Safety	\$960,948
Law Enforcement Assistance Fund (LEAF)	All LEAF Cost Centers (Fund 403)	All fund balances	Statutory	Both	Office of Transportation Safety	\$338,891
NHTSA Grants	All NHTSA Grant Cost Centers	All fund balances	FHWA - US Code	Operating	OTS	\$10,090,965
Heavy Road Equipment	S0247-010, S0270-010, E0205-010	All fund balances	2009 CFO Memo	Capital Purchases	Maintenance Division	\$25,680,375
Property Pool	SM265-010, S0014-010	All fund balances	2009 CFO Memo	Capital projects	DAS--Property Manager	\$713,572
Intelligent Transportation Systems (ITS)	OI440-010	All fund balances	2009 CFO Memo	Both	TSM&O--ITS Branch	\$9,510,751
Non-road, non-computer (other) equipment.	E0249-010, R1001-010, R2001-010, R3001-010, R4001-010, R5001-010	Only fund balances associated with encumbrances	Previous Budget Director Memo	Capital Purchases	Project Support & Region RTDs	\$54,675
Transportation Summit Conference	S0192-010	All fund balances	2015 CFO Memo	Operating	Office of Policy & Government Relations	\$65,548
Southwest Chief Rail	TOMAS-290 (Fund 29R)	All fund balances	Statutory	Operating	DTR	\$89,000
RoadX	RoadX-010	All fund balances	CFO E-mail on 6/25/16	Both	RoadX Office	\$1,605,524
Transportation Engineering Training Program (TETP)	S0193-010	All fund balances	2009 CFO Memo	Operating	Office of Employee Development	\$500,738
Total:						\$115,792,501

*RAMP funds in cost centers roll forward just like regular funds

