



COLORADO

Department of
Transportation

MEMORANDUM

TO: TRANSPORTATION COMMISSION
FROM: HERMAN STOCKINGER, DIRECTOR, OFFICE OF POLICY AND GOVERNMENT RELATIONS
JEFF SUDMEIER, CDOT CHIEF FINANCIAL OFFICER
JOSHUA LAIPPLY, CHIEF ENGINEER
DATE: JUNE 20, 2018
SUBJECT: SENATE BILL (SB) 18-001 SUMMARY

Purpose

The purpose of this memorandum is to summarize Senate Bill (SB) 18-001 via a presentation (see Attachment A) and to offer recommendations for use of the July 1, 2018 General Fund (GF) transfer to the State Highway Fund (SHF).

Action

Staff requests the Transportation Commission (TC) to review and offer comment on the draft list of projects to use with the \$346.5 million General Fund transfer expected on July 1, 2018. Staff seeks partial approval on the list this month, and approval for the remainder of the list in July 2018. Additionally, staff seeks Commission comment on Year 1 recommendations for SB 17-267 funds.

Background

SB 18-001, passed by the Colorado General Assembly in May 2018, includes a variety of possible funding scenarios dependent upon different external factors. The summary below begins with the immediate policy and funding impacts with subsequent paragraphs describing possible future scenarios described in legislation.

General Fund Transfers

SB 18-001 transfers \$495.0 million to state and local transportation projects statewide and is a certainty. This is divided 70% to the state, 15% to local governments and 15% to a new Multimodal Fund (MMF). CDOT will receive \$346.5 million and locals/MMF \$74.25 million each. The local money is split evenly between cities and counties and will be distributed via the local government Highway Users Tax Fund (HUTF) distribution formula. All the multimodal funding is administered through CDOT. Local governments receive 85% of it and CDOT receives 15% for statewide multimodal projects. The multimodal funds may be used for transit projects, operating expenses or studies.

On July 1, 2019, another SB 18-001 transfer of \$150.0 million will occur. Of this, CDOT receives \$105.0 million, and local governments receive \$22.5 million, split evenly between counties and cities. The MMF also receives \$22.5 million, split 85% to local government transit projects and 15% to the state for CDOT transit programs.

Senate Bill (SB) 17-267

SB 18-001 protects the first of four possible payments of SB 17-267 funding, amounting to \$380.0 million. The state needs to repay this funding, with CDOT contributing a maximum of \$28.5 million the first year and \$10.1



million for the following nineteen years. These funds are split 90% to roads and 10% to state transit projects.

2018 Ballot Initiatives

Two measures may be on the November 2018 ballot: one (Initiative #167) relies on General Funds to pay for transportation bonds, and the other (Initiative #153) asks for a \$0.62 sales tax increase for state and local projects.

If Initiative #167 passes, then SB 17-267 transfers will be rescinded (except the first transfer in FY 2018-19) since the General Fund will be forced pay for long-term bond debt payments from Initiative #167. If passed, CDOT would bond \$3.5 billion for transportation projects and the state, whether from the General Fund or from other state funds, will pay debt service of approximately \$260 million per year for 20 years.

If Initiative #153 passes, the sales tax revenue will pay for the bond debt payments. The FY 2018-19 and FY 2019-20 General fund transfers under SB 18-001 will continue, and years 2-4 of SB 17-267 will remain. The General Fund transfers an additional \$50.0 million annually for 20 years to the SHF to use for SB 17-267 debt service, as well.

2019 Ballot Initiatives

If neither initiative passes in 2018, then the legislature will refer the SB 18-001 ballot measure to the 2019 election, asking voters to approve \$2.3 billion in bonds for state and local projects. This funding would be split 85% to roads and 15% to multimodal uses.

Options and Recommendation

Department staff is asking the TC to review potential uses of the \$346.5 million General Fund transfer, due July 1, 2018 and:

1. Review and approve the draft list of projects included in the presentation to use with the \$346.5 million General Fund transfer with one project approval in June and the remainder in July---**STAFF RECOMMENDATION.**
2. Request more information on department priorities to use with the General Fund transfer.
3. Alter existing priorities and programming to use with the General Fund transfer, with department staff returning in the coming months with an updated project list for adoption.

Next Steps

Staff will return to the TC in July 2018 with either a final project list for adoption to use with the \$346.5 million. Additionally, staff will provide recommendations for an updated “need list” to be funded under SB 18-001, SB 17-267, and/or a successful ballot initiative for potential adoption in July.

Attachments

Attachment A: Senate Bill (SB) 18-001 Summary Presentation





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Transportation

Senate Bill 18-001 Summary

Transportation Commission Workshop

June 20, 2018



Agenda

- General Fund (GF) Transfers
- Multimodal Fund Overview
- 2018 Ballot Initiatives (#153 and #167)
- 2019 Ballot Initiative (SB 18-001)
- Debt Service



Senate Bill 18-001 Overview

- Provides two years of General Fund transfers (\$451.5 million to CDOT)
- Authorizes 2019 ballot initiative for \$2.3 billion in bonds if 2018 ballot initiatives fail
- Retains first year of SB 17-267
 - Future years contingent on outcomes of ballot initiatives



General Fund Transfers

July 1, 2018



\$495.0 million from General Fund



- \$346.5 million to CDOT
- \$74.25 million to Counties (50%) and Cities (50%)
- \$74.25 million to Multimodal Fund

Late 2018/Early 2019 (TBD)



\$380.0 million Year 1 SB 17-267 transfer



- All to CDOT
 - 90% to Highways
 - 10% to Transit
- \$1.5 billion in Years 2-4 transfers contingent on ballot initiatives

July 1, 2019



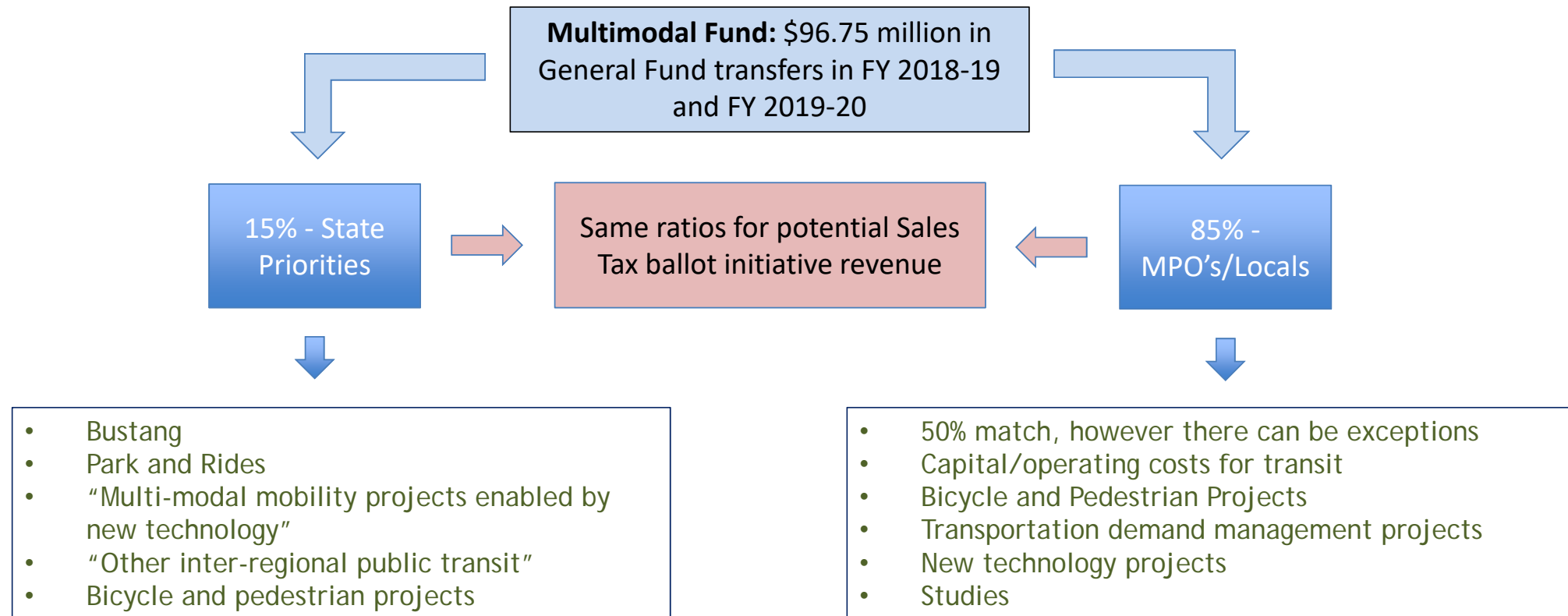
\$150.0 million from General Fund



- \$105.0 million to CDOT
- \$22.5 million to Counties (50%) and Cities (50%)
- \$22.5 million to Multimodal Fund



Multimodal Fund Overview





2018 Ballot Initiatives

Ballot Initiative #153

- 20-year sales tax increase of 0.62%

State – 45%

Locals – 40%

Multimodal Fund - 15%

- \$345.0 million in Year 1
- Overall projected revenue of \$9.0 billion
- Up to \$5.2 billion in TRANS, up to \$9.4 billion in debt service
- SB 17-267 transfers continue

- \$306.7 million in Year 1
- Overall projected revenue of \$8.0 billion
- 50% to Counties
- 50% to Cities
- Based on HUTF formula

- \$115.0 million in Year 1
- Overall projected revenue of \$3.0 billion
- 15% for State Priorities
- 85% for Local Priorities
- \$30.0 million annually can be used for debt service

Ballot Initiative #167

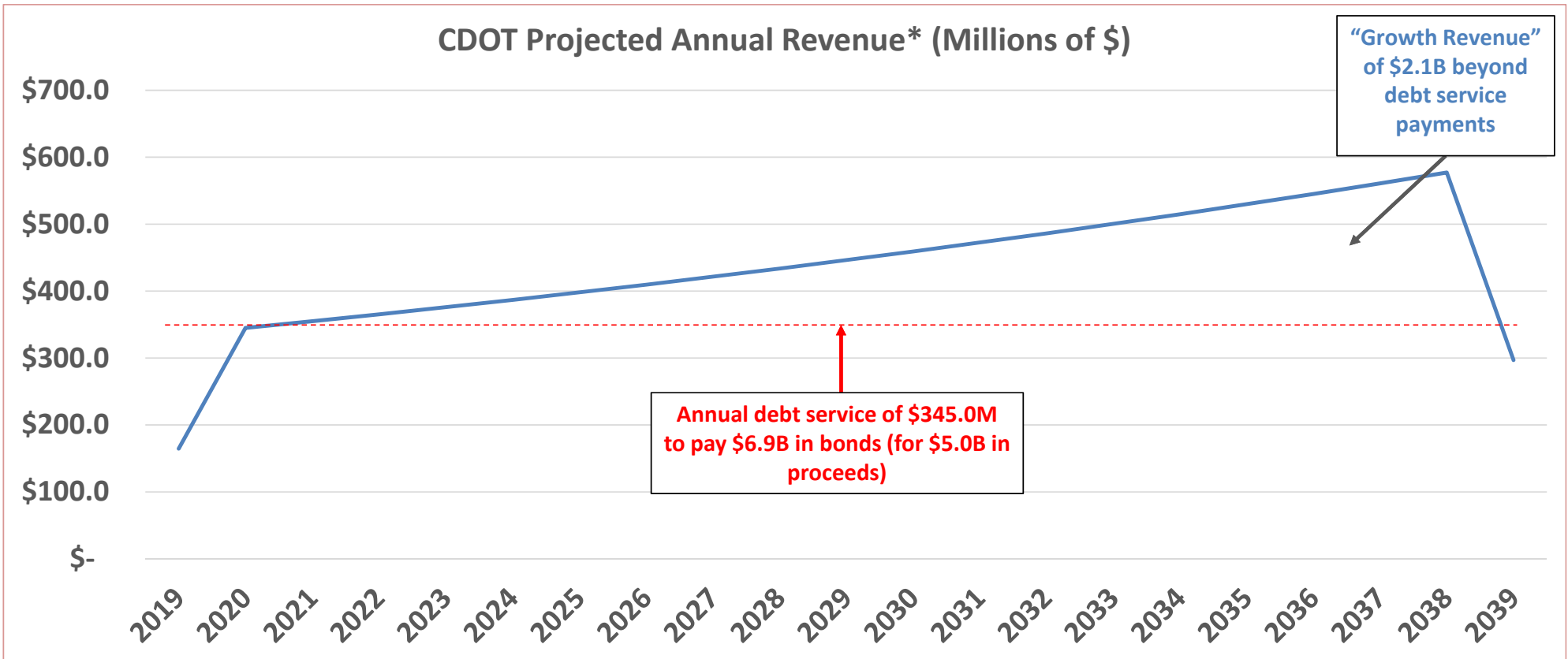
- Bonding repaid by General Fund

State – 100%

- \$3.5 billion bonds issued by CDOT
- \$5.2 billion in debt service
 - Repaid by General Fund and/or CDOT
- Includes state highway project list
- If approved, SB 17-267 Years 2-4 rescinded (loss of \$1.5 billion)



0.62% Sales Tax Increase



*Based on Historical Growth of 2.9%



2019 Ballot Initiative

- **IF** both 2018 ballot initiatives **FAIL**...
.....**THEN** 2019 ballot initiative from General Assembly
- SB 18-001 2019 Ballot Initiative
 - Bond proceeds = **\$2.337B**, debt service up to **\$3.25B**
 - **85%** to State Highway Fund for highway projects
 - **15%** to Multimodal Fund
 - **IF** 2019 ballot initiative **PASSES**.....
.....**THEN** Years 2-4 of SB 17-267 are rescinded



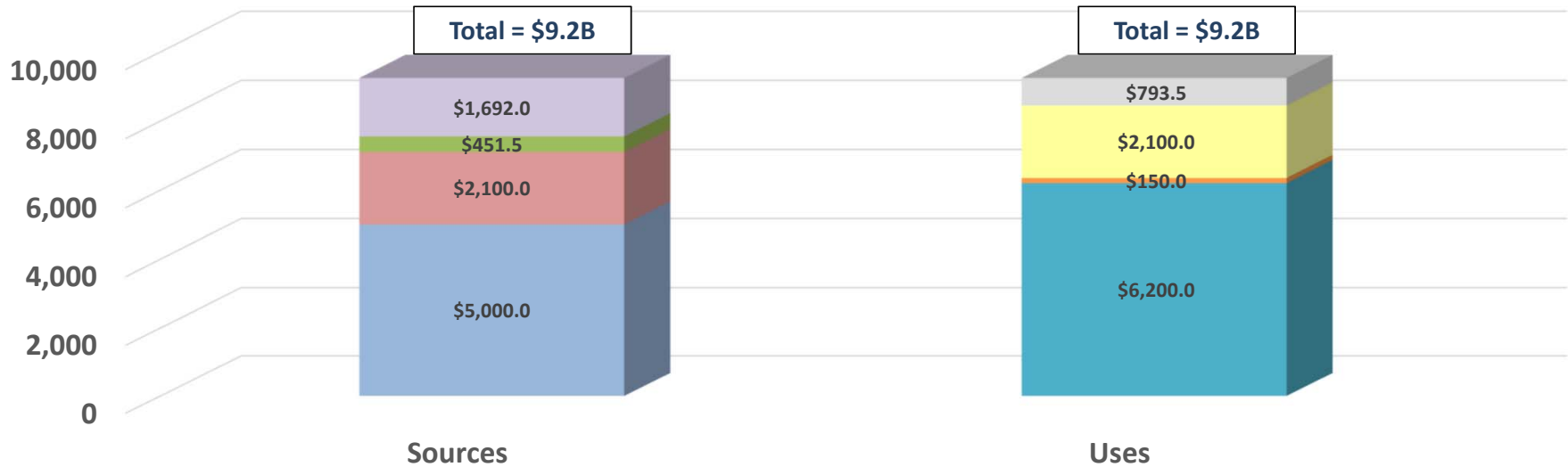
Debt Service Summary

Initiative/Result	CDOT SB267	General Fund SB267	CDOT Transbond	General Fund Transbond
#153 (Sales Tax) Passes	FY19 repayment up to \$28.5M; afterwards, \$50M from GF for 20 years	Up to \$100M annually, plus \$50M transfer to CDOT for 20 years	\$9B in sales tax revenue, with a \$9.4B limit in debt service	-
#167 (GF) Passes	\$10.1M annually, \$218.6M total	Up to \$18.4M annually, \$349.6M total	TBD	Up to \$260M annually, \$5.2B total
Both #153 and #167 Pass	\$10.1M annually, \$218.6M total	Up to \$18.4M annually, \$349.6M total	TBD for #167; for #153, \$9B in sales tax revenue, with a \$9.4B limit in debt service	Up to \$260M annually, \$5.2B total for #167
2019 Ballot Initiative Passes	\$10.1M annually, \$218.6M total	Up to \$18.4M annually, \$349.6M total	\$39.9M annually, up to \$798M total	\$122.6M annually, \$2.452B total
2019 Ballot Initiative Fails	FY19 repayment up to \$28.5M; afterwards, \$50M from GF for 20 years	Up to \$100M annually, plus \$50M transfer to CDOT for 20 years	-	-



CDOT Potential Highway Revenue

Initiative #153: Estimated Highway Sources of Revenue (millions of \$) vs. Potential Uses



- Bonding Proceeds
- Incremental Sales and Use Tax Revenue
- SB1 GF Transfer
- SB267 Proceeds
- Current Ballot List
- Asset Management
- Pay As You Go Projects/A.M.
- Additional Ballot List Projects or Programs TBD



July 2018 SB 18-001 General Fund – Staff Recommendations

Guidelines

- Move forward with SB 267 projects despite uncertainty
 - Preconstruction on projects in development
 - Construction on projects ready to proceed
- Maintain schedule on I-25 Gap project
- Make a significant commitment to Asset Management - support transition from RAMP and begin projects today that will improve condition of current system
- Maintain commitment to ADA improvements
- Consider Year 1 of SB 267 as well



July 2018 SB 18-001 General Fund – Staff Recommendations

Project / Area	Precon	Construction				Year 1 Total
	SB1 Year 1	SB1 Year 1	SB267 Year 1	Federal Grants	Construction Total	
I-25 Gap	\$2.0 M	\$92.0 M	\$25.0 M	\$65.0 M	\$182.0 M	\$184.0 M
I-25 Seg. 5 & 6	\$19.0 M	\$20.0 M	\$165.0 M		\$185.0 M	\$204.0 M
I-70 WB PPSL		\$25.0 M	\$20.0 M	\$25.0 M	\$70.0 M	\$70.0 M
I-70 Pavement	\$1.1 M	\$23.9 M	\$33.1 M		\$57.0 M	\$58.1 M
US 550/160	\$6.3 M		\$54.4 M	\$12.3 M	\$66.7 M	\$73.0 M
US 50 Pueblo	\$1.6 M					\$1.6 M
Towaoc		\$9.0 M		\$2.0 M	\$11.0 M	\$11.0 M
SH 9			\$9.5 M		\$9.5 M	\$9.5 M
US 50 Little Blue (fall 2019 construction start)						
SH 13 Rio Blanco		\$10.8 M	\$20.0 M		\$30.8 M	\$30.8 M
SH 13 Wyoming South		\$9.2 M	\$10.5 M		\$19.7 M	\$19.7 M
Ballot/Potential Grant Projects Preconstruction	\$21.6 M					\$21.6 M
ADA		\$5.0 M			\$5.0 M	\$5.0 M
Asset Mgmt		\$100.0 M			\$100.0 M	\$100.0 M
Total	\$51.6 M	\$294.9 M	\$337.5 M	\$104.3 M	\$736.7 M	\$788.3 M



Next Steps

- Decision on July 1, 2018 SB 18-001 funds (July TC)
- Update highway project list for November 2018 ballot initiatives (July TC)
- Update Multimodal Options Fund bonding projects for November 2018 ballot initiatives (July TC)
- Consider July 1, 2019 SB 18-001 funds (future)



Questions?