



COLORADO

Department of Transportation

Office of Policy and Government Relations

2829 W. Howard Place
Denver, CO 80204-2305

DATE: January 20, 2021
TO: Transportation Commission
FROM: Herman Stockinger
SUBJECT: Legislative Joint Budget Committee Presentation

Purpose

To provide the presentation Director Lew and other senior staff presented to the Joint Budget Committee on January 5, 2021.

Action

Information only.

Background

Each year, the CDOT Executive Director and Chief Financial Officer, along with our Transportation Commission Chair and other senior staff (including our Chief Engineer this year) make a formal presentation to the General Assembly's Joint Budget Committee. The presentation is a mix of requested material from JBC members themselves, and information the department wishes to provide to the JBC. Director Lew thought it would be beneficial for the Transportation Commission to receive the same presentation.

Next Steps

None.

Attachments

JBC Presentation PowerPoint





COLORADO
Department of Transportation

Joint Budget Committee
January 5, 2021



Presenters

Shoshana Lew : Executive Director

Karen Stuart: Chair, Transportation Commission

Jeff Sudimeier: Chief Financial Officer

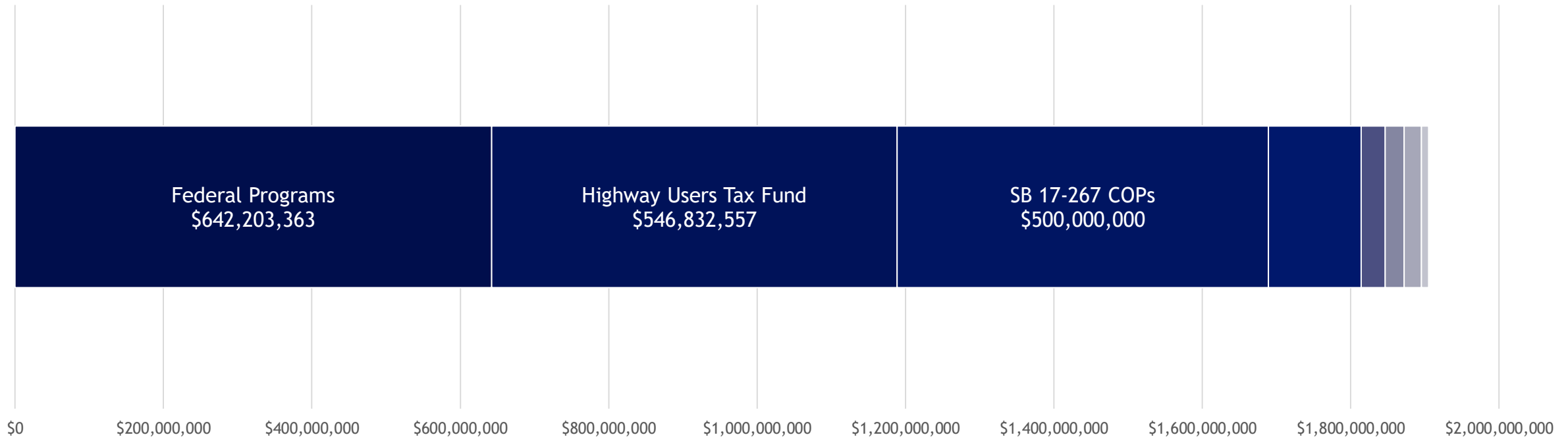
Stephen Harelson: Chief Engineer



CDOT's Budget



FY 2021-22 Sources of Revenue

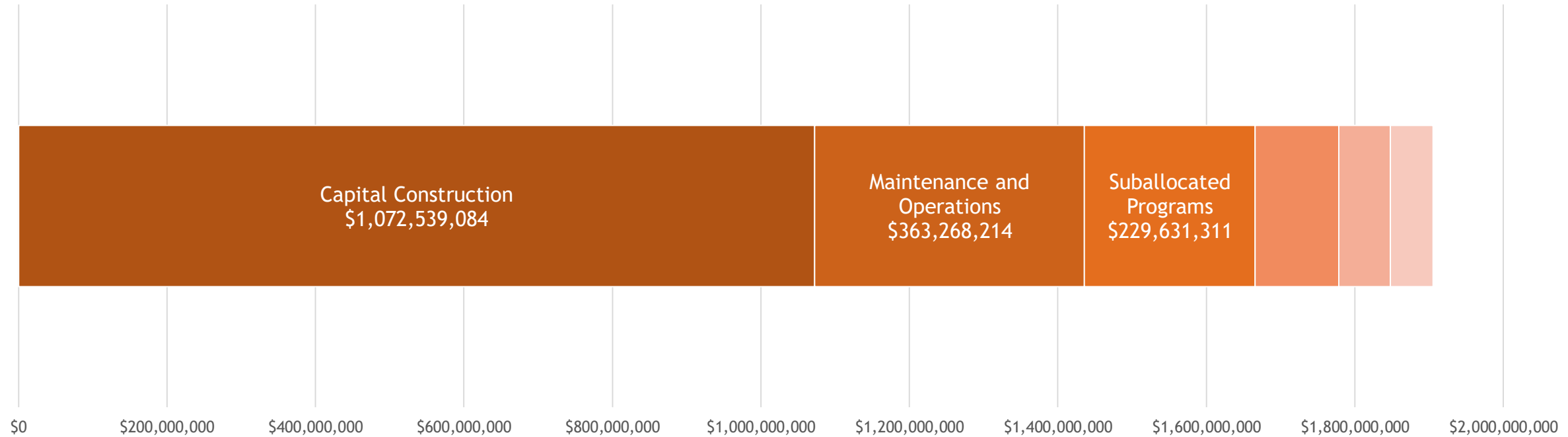


- Bridge Enterprise - \$125,414,441
- Miscellaneous - \$31,856,809
- Aeronautics - \$25,999,999
- High Performance Transportation Enterprise - \$22,845,717
- Multimodal, State Safety Education, Capital Construction Fund, State Infrastructure Bank - \$9,942,000

**Total -
\$1,905,094,886**



FY 2021-22 Uses of Revenue



- Administration & Agency Operations - \$112,989,257
- Multimodal Services - \$69,539,270
- Other Programs, Debt Service, Contingency - \$57,127,849

**Total -
\$1,905,094,886**



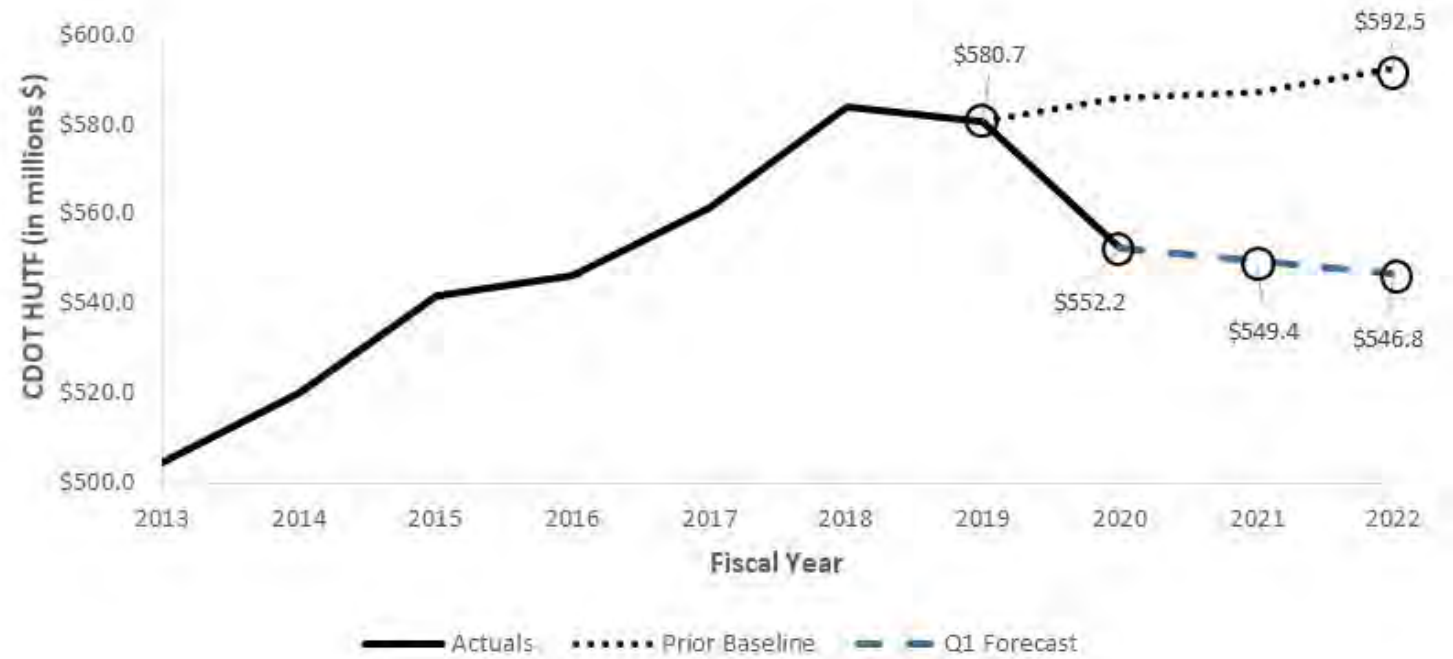
FY 2021-22 Revenue Forecast

The FY 2021-22 Annual Budget is balanced using the September 2020 HUTF revenue forecast, which reflects a budget shortfall of \$45.7 million relative to revenue that was forecasted for FY 2021-22 prior to the COVID-19 pandemic.

	Pre-COVID Forecast	CDOT September Forecast	Shortfall
FY 2019-20	\$586.0	\$552.3	(\$33.7)
FY 2020-21	\$587.00	\$549.4	(\$37.6)
FY 2021-22	\$592.5	\$546.8	(\$45.7)

CDOT HUTF Forecast (FY 21 Q1)

Q1 Forecast & Prior Baseline
FY 13 - FY 22 (in millions \$)





This bill made several changes to CDOT's General Fund revenue and debt service payments, including:

- Suspending annual General Fund transfer of \$50 million for FY 2020-21 and FY 2021-22
- Increased by \$12 million (to a total of \$62 million) CDOT's portion of SB 17-267 debt service for FY 2020-21 and FY 2021-22



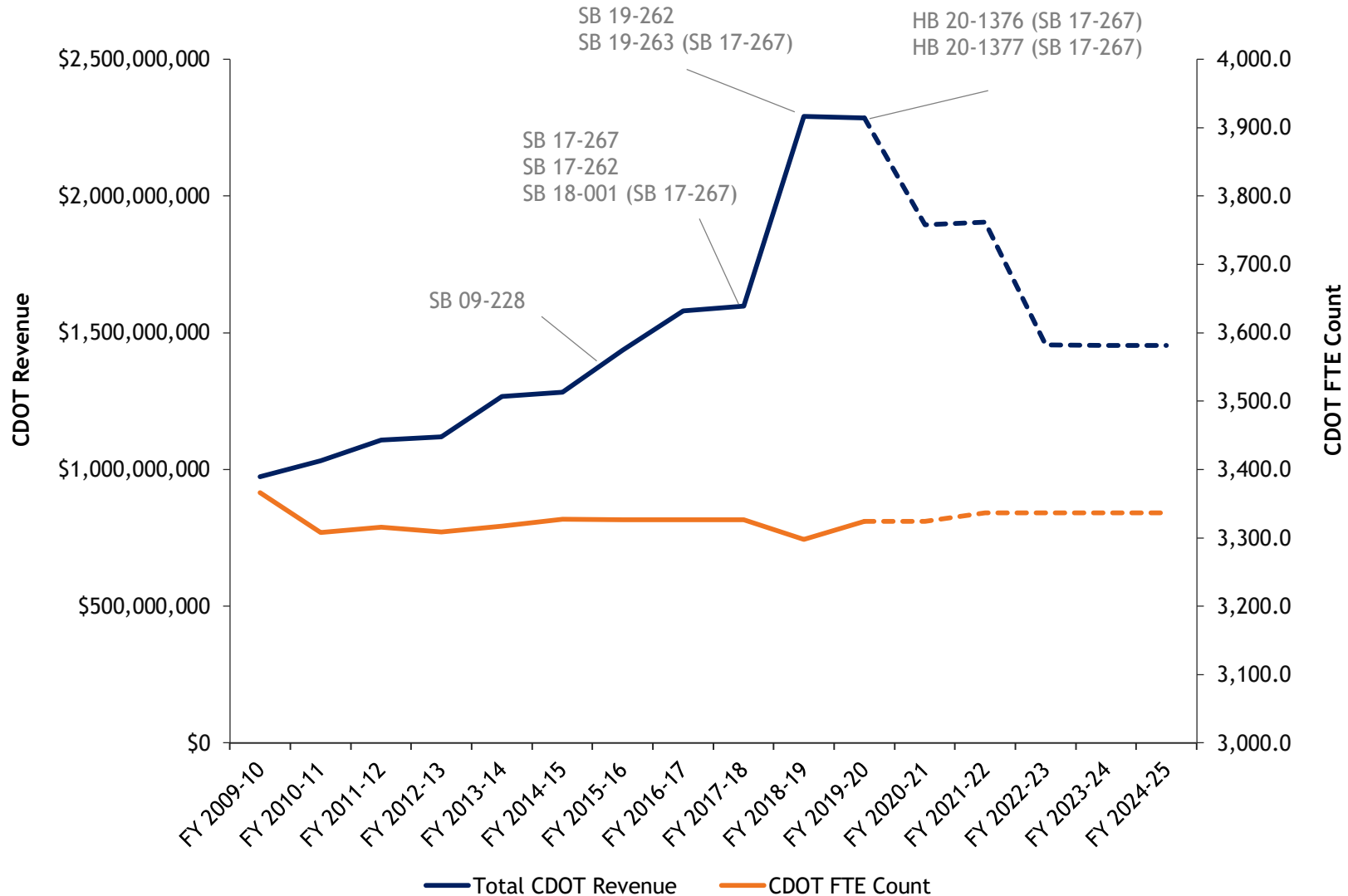
CDOT Budget Reductions

The Transportation Commission approved several budget reductions in FY 21 response to declining revenues caused by the pandemic. Some reductions carried forward into FY'22.

Item Description	Amount
Surplus Debt Service	\$21.5
Cancelled Defeasance of Building COPs	\$20.8
Roll Forward Reversions	\$16.2
Program Review - Discretionary Programs	\$4.4
Division Reductions	\$2.2
TOTAL	\$65.1 million



CDOT Budget History





Proposed Stimulus Funding

Shovel Ready Projects

EJMT repairs



Denver Metro West I-70 Bridges



Shovel ready rural road rehabilitation and maintenance in tourism corridors and scenic byways



Wildlife migration corridor enhancements



Revitalizing Main Streets

The Revitalizing Main Streets program supports projects that provide open spaces for mobility, community activities, and economic development in the wake of the pandemic.

As of December, 2020, CDOT awarded \$2,692,674 in 63 grants to communities across the state.





Safer Main Streets

Safer Main Streets Grant Program

- Developed to support infrastructure projects that improve safety and accessibility along urban arterials.
- 30 projects from across the Denver metro area selected to date
- 83% include or are near existing transit
- 65% are on or along state highways
- \$83M total project leverage from \$58M investment, including local match





Federal COVID Relief & FY21 THUD



Federal COVID Relief & FY21 THUD

Legislation established a **\$900 billion** COVID relief package and a **\$1.4 trillion FY 2021** omnibus appropriations package (including the FY 2021 Transportation and Housing and Urban Development—or THUD—bill) and various other pieces. :

- **\$10 billion** for surface transportation based on FAST Act obligation limitation
 - \$9,840,057,332 for Surface Transportation Block Grant Program (STBGP) - more on this in next slide
 - Remaining funds for Tribal Transportation Program, Puerto Rico Highway Program, and Territorial Highway Program
- About 14 percent of highway funds are sub-allocated only to localities over 200,000 in population
- **\$2 Billion** for airports and airport concessionaires
- **\$15 Billion** for mass transit that will distributed using FTA formulas



FY21 Federal Appropriations

Highway Bridge and STBGP Supplemental Funds Contained in FY21 Appropriations

- STBG should expect to see another \$8.75M distributed
- Colorado will receive at least \$6M in additional Bridge funds and could receive more based on a formula of Colorado's poor bridge deck area as it relates to the national total poor deck area.
 - In the previous allocation last year CDOT only qualified for the minimum, so CDOT will likely get only the \$6M
- These funds will require the normal state/local match, or utilize toll credits
- These funds do not have the same provision for maintenance, salaries or operations as the COVID stimulus package
- Scenic Byway and Competitive grant funding. \$16M and \$50M nationally, but no distribution methodology provided. Anticipate competitive applications will be required.

Taken together, these two provisions (COVID Relief and FY 21 Supplemental Funds) would provide Colorado approximately \$150M.



CDOT Resiliency Planning



CDOT Resiliency Planning

Resilience is the ability to keep our roads open and functional in the face of unexpected events and challenges

The I-70 Risk and Resilience Pilot, completed in late 2017, is a first-of-its kind approach, quantifies risks along the 450 miles of I-70 from the Utah border in the west to the Kansas border



In 2018, the Transportation Commission adopted Policy Directive 1905.0, which directs CDOT to support state resilience goals by incorporating resilience in strategic decisions about transportation assets and operations.

STRUCID	Asset	Threat	REPT	ENDRFPT	ROUTE	REGION	Owner Risk	User Risk	Total Risk	Criticality	Condition
F-12-Y	Bridge	Flood	205.1	205.1	070A	3	3080	14799	17879	24	Good
F-12-X	Bridge	Flood	205.1	205.1	070A	3	3080	14799	17879	24	Good
F-12-AN	Bridge	Flood	192.42	192.42	070A	3	1769	18057	19826	26	Good
F-12-AQ	Bridge	Flood	193.65	193.65	070A	3	2992	18057	21049	26	Fair
F-12-AP	Bridge	Flood	193.27	193.27	070A	3	1899	18057	19956	26	Fair
F-12-AK	Bridge	Flood	190.81	190.81	070A	3	1049	18057	19106	26	Good
F-12-AL	Bridge	Flood	191.02	191.02	070A	3	1760	18057	19817	26	Fair
F-12-AM	Bridge	Flood	191.83	191.83	070A	3	1261	18057	19318	26	Good

Eisenhower Johnson Memorial Tunnels



- Approximately \$100 to \$150M needed to address unmet asset management needs
- Applying for a federal grant for \$2.5M toward \$4M needed to replace the generators (original from 1970s) in the tunnels.
 - The tunnels currently rely upon two, natural gas 500 kw/hour generators for emergency backup power.

Avalanche mitigation on Loveland pass

- The new system is safer and reduces road closures that affect heavy ski traffic in the area.
- Fewer technicians are required to conduct mitigation, allowing more CDOT employees to focus on plowing and conducting other essential activities in the Summit County area.
- The new Avalanche Guard equipment will not affect the existing Gazex avalanche control system on US 6 Loveland Pass, which is located further north.





Central 70 Update





Central 70 Currently

58.6% complete overall (99.6% design completion and 51.8% construction complete) thru September 2020.

Project continues to be on budget and on track to be largely complete by the end of 2022.

Contractor and CDOT negotiated with railroad to mitigate project delays.



Central 70 Workforce Highlights

On the Job Training

- ✓ Goal: 200,000 Hours
- ✓ Hours Achieved: 177,255 (through 9/2020)
- ✓ OJT/Apprentice Graduates: 18

Local Hire

- ✓ Goal: 760,000 Hours
- ✓ Hours Achieved: 650,257 total hours
- ✓ Local craft workforce: 24%
- ✓ Owner Operators/Working Owners from local zip codes: 57

Subcontractors on Central 70

552 Total Subcontractors

432 Total Colorado Based Subcontractors on Central 70:

\$233,580,036 paid to Colorado Firms (To Date)

33 Prime Colorado Based Firms with substantial contract values

Total Contract Value \$274,809,261

135 Colorado Based DBE Firms

\$75,020,106.00 paid to Colorado DBE Firms (To Date)

11 Prime Colorado Based DBE Firms with substantial contract Values

Total contract value \$78,649,344



Efficiency/Accountability



A Continuing Culture of Accountability

CDOT believes it's essential to be clear with taxpayers about where their dollars are going.



Surface treatment, bridge rehabilitation, and guardrail improvement project on US 50 in Fremont county

In 2020:

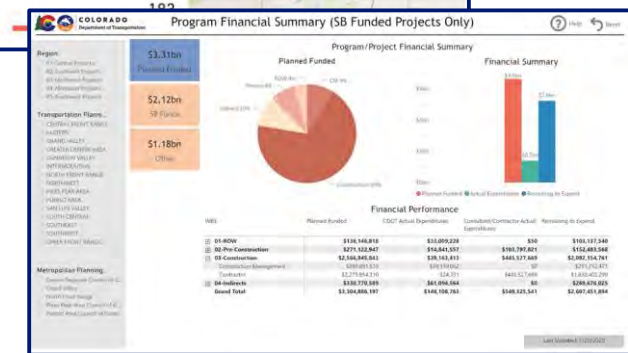
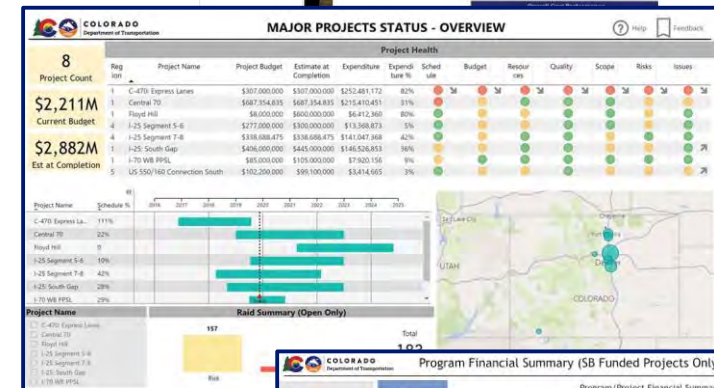
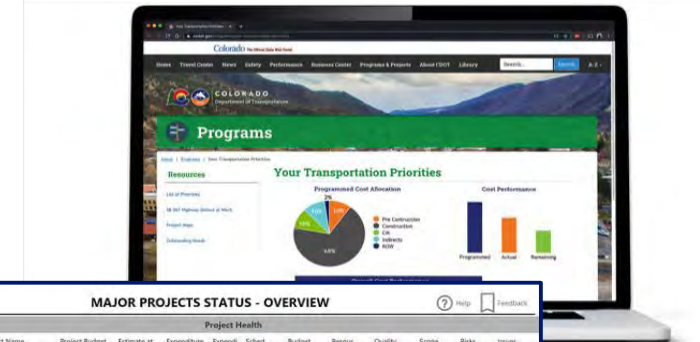
- Major changes to budget practices, and realization of cost savings department wide.
- Set up project dashboard to show the budgets on different projects so everyone can see where the dollars are going.
- Taken additional measures to tighten controls on purchasing to reduce risk and increase efficiency of spending.
- Addressing contracting and ensuring transparency in bid process.



Efficiency and Accountability

Just as important as establishing a project pipeline is creating **transparency and accountability structures** that let the public see the progress on projects and how dollars are being spent.

- **Increasing project transparency** through public reporting and dashboards on project management and project costs.
- **Setting new spending targets** to maximize dollars on transportation improvements that people can see.
- **Doubling down on project management** using best practices and new tools to tighten financial and project controls to clearly show expenses that track multiple years.
- Spending every dollar – across the department – as wisely as possible by **cutting discretionary costs** within CDOT.



<https://www.codot.gov/programs/your-transportation-priorities/projects-funded>



Efficiency and Accountability

Significant Cost Savings

In FY 20, CDOT identified nearly **\$25 million in cost savings** and program reductions, including repurposing funds previously invested in costly non-core initiatives.

In FY 21, CDOT reverted more than **\$16 million** in operating budgets from savings in FY 20, and further reduced FY 21 operating budgets by \$2 million.

CDOT **reduced our Administration budget**, excluding common policy, **by 5.8% in FY 21**. Many of these reductions are carried forward in our Draft FY 22 budget, including **another 5.5%** reduction in our Administration budget, excluding common policy.

Capital construction indirect expenditures are down nearly 7% over the last year and **down 28% in FY 21 Q1** versus the same quarter last year.



A recent project on CO 69 from Westcliffe to Hillside in Custer County resurfaced almost 13 miles, including critical bridge repairs and safety improvements (December 2020.)



Contracting Information



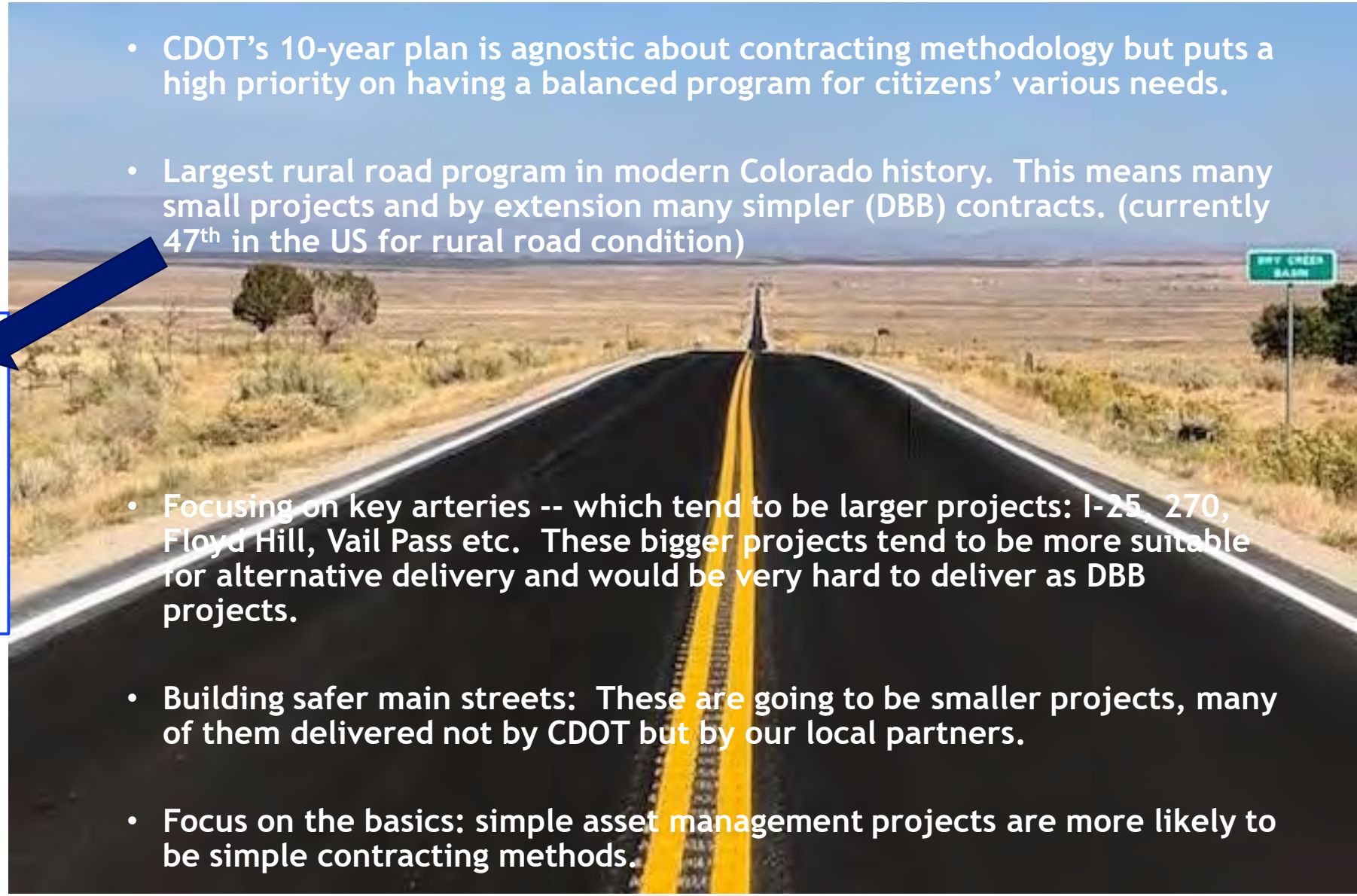
A Balanced Program

Delivering quality for all Coloradans

Rural Road Program:

- \$337M dedicated to rural road pavement
- 41 rural road projects
- Improve more than 500 miles of rural roads statewide

- CDOT's 10-year plan is agnostic about contracting methodology but puts a high priority on having a balanced program for citizens' various needs.
- Largest rural road program in modern Colorado history. This means many small projects and by extension many simpler (DBB) contracts. (currently 47th in the US for rural road condition)
- Focusing on key arteries -- which tend to be larger projects: I-25, 270, Floyd Hill, Vail Pass etc. These bigger projects tend to be more suitable for alternative delivery and would be very hard to deliver as DBB projects.
- Building safer main streets: These are going to be smaller projects, many of them delivered not by CDOT but by our local partners.
- Focus on the basics: simple asset management projects are more likely to be simple contracting methods.





Demystifying Alternative Delivery

- Federal Highway Administration encourages these methods and allow for different forms of “risk sharing”, which makes the contractor accountable for the design component as well as for building it.
- In order to serve the public interest, CDOT does not focus on any certain contractor’s specialty, but instead identifies projects, large and small, that serve the needs of all Coloradans.





What is Alternative Delivery?

- Alternative delivery is a method of including design and construction work within the same contract, as opposed to the design being separate from the construction contract.
- Two major types: Design Build and Construction Manager/General Contractor (CMGC). These contracts make the awardee accountable for the majority of the design, including the engineering design, which shifts risk to the contractor and away from the state.
- To be clear, comparing the price of alternative delivery contracts and design bid build contract is not an apples-to-apples comparison.





When Does It Work Well?



Most large projects in modern CO History have been constructed with some form of alternative delivery.

At the same time, design bid build often works best for smaller and simpler projects, which are equally important but different.

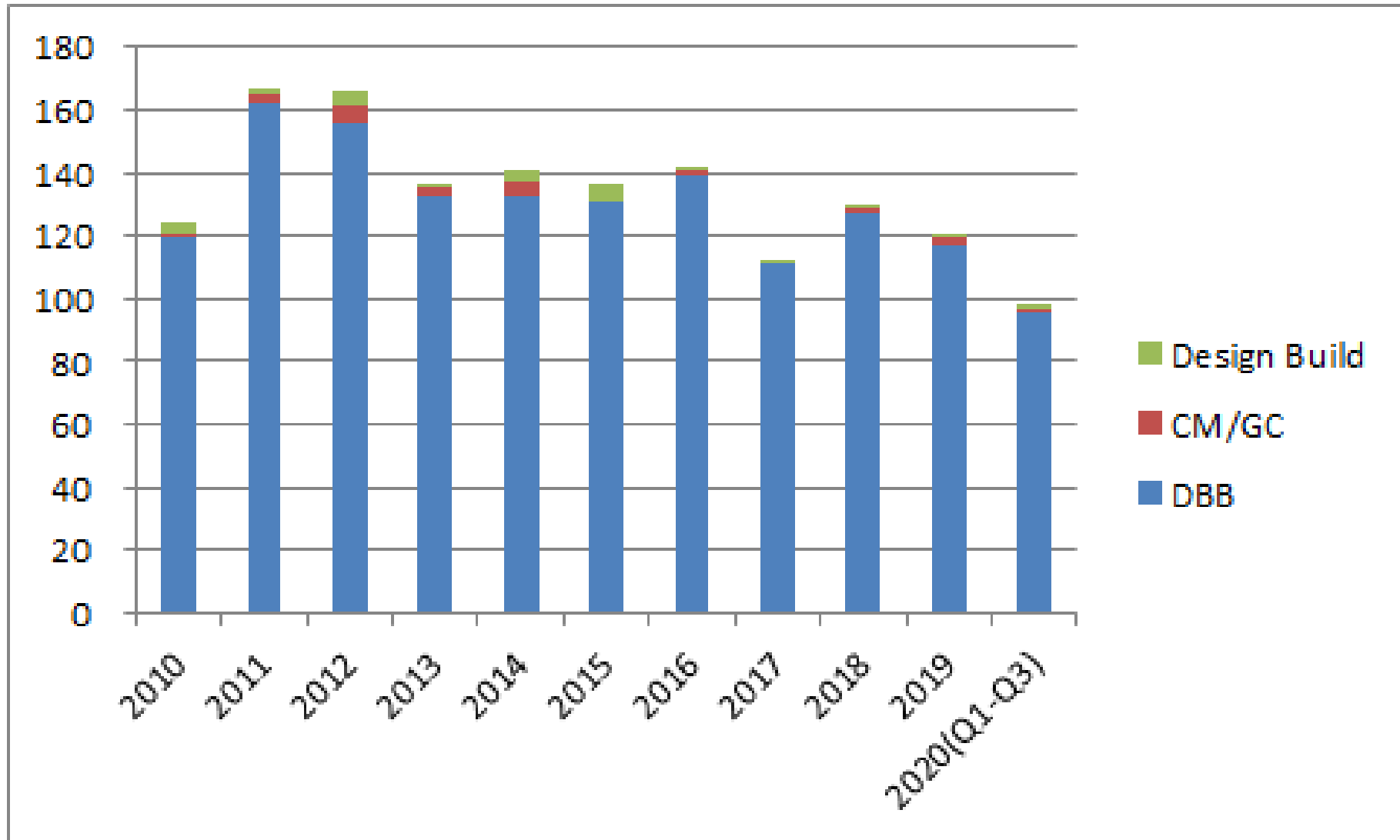
Limiting tools would effectively limit the kinds of projects that can be built in a very diverse state with diverse needs

Alternative delivery does not work for all projects and tends to be better suited for

- larger construction projects (Central I-70, TREC, Glenwood Canyon)
- emergency events, (US 36 emergency repair)
- other complex/multivariable projects with integrated design and construction teams from the beginning (multiple phases of I-25 reconstruction, north and south).

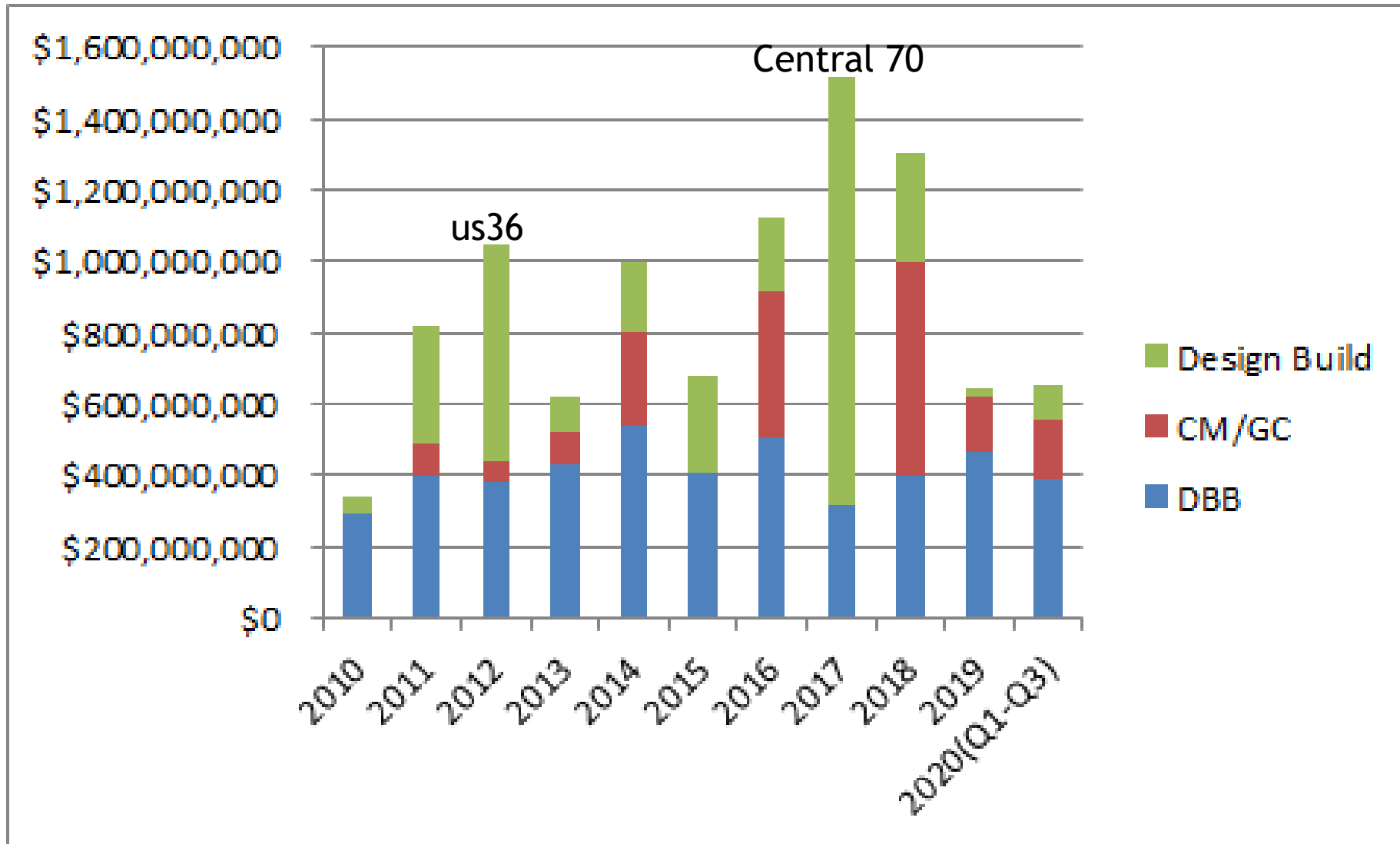


Projects by Type and Number 2010-2020





Projects by Type and Value 2010-2020





Contractors by Type

Since 2012

Project Type	Number of Projects	Cost
CM/GC	15	
DB	13	
Streamline DB	4	
Modified DB	1	
Emergency (CMGC like)	2	
Totals	35	

35 innovative contracts since 2012 with 18 contractors

Project Type	Number of Projects	Cost
DBB	1,184	\$3.95B

185 different contractor innovative contracts since 2012 with 18 contractors



Transit



RTD has a dedicated local funding stream separate from state funds.

CDOT does not have plans to dedicate departmental funds to RTD. CDOT's funding is restricted and limited in the flexibility of uses.

RTD received \$232M directly from CARES Act

CDOT administered \$39.75M of CARES funding for 41 transit agencies in the non-urban areas (10 of 15 TPR areas)

Both the state and local governments are especially reliant on the FHA base funding levels given the loss of gas tax and other revenue during this pandemic



CDOT Transit Accomplishments

✓ Mobility Hubs

- 10/18 open today. Goal is 13/18 by 2023.

✓ Integrating Transit Into Key Corridors

- Region 2, Bijou Street Storage and Maintenance Facility - Construction
- Region 3, Winter Park Maintenance Facility - Design
- Region 3, RFTA: Aspen Maintenance Facility Improvements - Completed
- Region 3, Summit County Transit Operations Center - Design

✓ Bustang and Outrider services reopening around the state.

- Currently operating on a reduced schedule.
- West & North = 5 days/week; South = 7 days/week
- Outrider back on its regular schedules; Opening four new lines in 2021.

✓ Distributed \$1M of transit funds the JBC dedicated towards senior transit programs statewide.



A pilot project introducing bike lanes in downtown Paonia.



COLORADO

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Questions?

