

MEMORANDUM

DEPARTMENT OF TRANSPORTATION

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DATE: October 11, 2011
 TO: Transportation Commission
 FROM: Laurie Freedle
 SUBJECT: October Budget Workshop

In the October Budget Workshop, staff will be requesting a decision on the additional funds from FY11, as well as seeking guidance in preparation of the final draft of the FY13 budget for the November Budget Workshop. Finally, we'll have an opportunity to discuss a resolution to express intent to further capitalize the highway account of the State Infrastructure Bank and loan money to the High Performance Transportation Enterprise for work on managed lanes on I-25 North (Denver). Following is more detail about what will be presented.

FY11 Funding Allocation

Staff Recommendation for allocation is as follows:

Rockfall Mitigation \$2 Million
 Road Equipment \$5 Million

(Beetle kill tree removal for \$2 Million and loan to DTR for Transit Operator's grants for \$4.8 Million were approved in September's 4th Supplement.)

<i>Funding Type</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>Statewide</i>
Surface Treatment	\$90.0	11.3	18.2	14.0	20.4	10.5	15.7	-
Twin Tunnels	\$60.0	60.0	-	-	-	-	-	-
Regional Priorities	\$34.3	5.0	5.7	4.8	5.2	3.1	10.5	-
I-25 North (El Paso)	\$31.0	-	31.0	-	-	-	-	-
Total	\$215.3	\$76.3	\$54.8	\$18.8	\$25.7	\$13.6	\$26.1	\$0.0
<i>% of Total</i>		<i>35.4%</i>	<i>25.5%</i>	<i>8.7%</i>	<i>11.9%</i>	<i>6.3%</i>	<i>12.1%</i>	<i>0.0%</i>

Staff has asked STAC to provide the TC with their recommendations as well. Whatever alternative is selected will be approved as a part of the 5th Budget Supplement.

FY13 Budget

Staff will be updating the list of decision items and preparing information to answer questions from the September meeting, including a presentation on MLOS.

Staff Recommendation for revenue projections for the FY13 budget are as follows:

FY 2013 Budget Revenue Information

CDOT Revenue:

	Amount
HUTF Revenue to CDOT	400,000,000
FASTER Safety pursuant to SB09-108	99,435,602
HUTF Transit and Rail funds pursuant to SB09-108 (Local)	5,000,000
State Bridge Enterprise Fund pursuant to SB09-108	93,000,000

Total CDOT Miscellaneous Funds	29,500,000
Toll Collections	2,500,000
State Infrastructure Bank:	500,000
S.B. 09-228 transportation transfer	-
Total Limited Gaming Fund	-
Local FHWA Match	17,112,028
FHWA Apportionments Available to CDOT	397,341,586
Total FTA Administered by CDOT	16,800,000
Total Aeronautics Funds	39,500,000
Total Safety Education	5,025,301
Total CDOT Revenue	1,105,714,517

Although these total revenues are very similar to those in the FY12 budget, the mix of funding differs somewhat. Staff's latest analysis indicates that more of the federal funding will be allocated to mandatory programs. On the state level more funds are predicted to come from FASTER (both bridge and safety) and less from the HUTF and miscellaneous. Accordingly, less federal funding and HUTF funding appears available for Commission allocation. Staff has only recently received the federal notice for the first six months of Federal Fiscal Year 2012 and has not had time to analyze it prior to the mailing date. For now Staff has prepared an illustration of the FY13 budget which includes the requested decision items and otherwise essentially uses the TC's direction for FY12. Presuming the new federal notice does not materially alter the anticipated increase in the diversion of federal funds to mandatory programs some cuts (initial estimate \$45million) may be required in programs within the Commission's purview from the FY12 budget levels to balance the budget. Further recommendations on program tailoring and alternatives will developed as staff looks at the anticipated funding mix with the objective of finding ways to minimize the impact of these changes.

Staff seeks guidance for revisions to the attached budget so that it can present a final draft budget for approval at the November TC Meeting. This budget must be presented to the legislature by December 15th. Keep in mind that we will refresh revenue expectations and discuss the budget again in the spring before it is finalized to be sent to the governor by April 15th.

State Infrastructure Bank Loan to High Performance Transportation Enterprise

In order to apply for the TIGER III grant, the North I-25 project must have a plan for full funding in place. Depending upon outcomes for FASTER Safety Transit funds and an internal Region 6 project, they may require up to \$9.5 Million. The SIB currently has a balance of \$3.1 Million available to loan. The project team is proposing that if traffic and revenue study outcomes (due October 19th) show ability to repay these funds, the TC transfer sufficient funds to the SIB to loan whatever amount remains necessary to fully fund the project. The project's current financial status follows:

Project Cost:	\$40 M
Funding:	
Region 6 funds (RPP, Surf Treatment)	\$15.5M
<u>TIGER Grant Request</u>	<u>\$15.0 M</u>
TOTAL	\$30.5 M
Funding Gap:	\$ 9.5 M
Other Potential Funding Sources Actively Being Pursued:	
I-25 Express Lane surplus revenues \$2.8 M (under consideration by HPTE/RTD now)	
FASTER Transit	\$2.0 M (application will be submitted end of Oct.)
FASTER Safety (Region 6 process)	\$2.0 M (application will be submitted end of Oct.)
Local Funds	\$1.0 M (Board / Council decision expected end of Oct.)

As noted above, the project team is in the process of pursuing a variety of sources to fully fund the project, but each has a different timeline. The TIGER III grant application deadline is October 31, and CDOT must have a full funding plan in place by that time in order to compete for that grant.

The SIB loan is requested to show full funding for purposes of the grant application. Ultimately the project may not need to pursue the full amount. In the event that the TIGER III grant application isn't successful the loan will not occur, and if other funding sources are secured to cover the balance, the amount necessary would change accordingly.

At this time, staff is requesting approval of the attached resolution which shows the intent of the TC to make the project whole, dependent upon the outcome of the traffic and revenue study (which will be received before the application is due) and the other funding request results.

If you have any questions regarding the information provided prior to the meeting next week, please feel free to call me at (303) 757-9171 or email laurie.freedle@dot.state.co.us, or call Ben Stein at (303)757-9168 or email at ben.stein@dot.stat.co.us .