

MEMORANDUM

DEPARTMENT OF TRANSPORTATION
Materials and Geotechnical Branch
4670 Holly Street, Unit A
Denver, Colorado 80216-6408
(303) 398-6500



DATE: May 2, 2007

TO: Delbreath D. Walker
Director of Staff Branches

FROM: Corey Stewart, Pavement Management Program Manager

SUBJECT: **Policy Memo 19**
Regional Allocation Percentages for the Surface Treatment Program

Issue: In order to comply with the Transportation Commission Resolution Number 1214 (October 16, 2003), in which the regional allocation of Surface Treatment Funds are to be based on the performance model shown in the Pavement Management Program (PMP), regional allocation totals for fiscal years 2010 and 2011 will need to be modified.

Action: We are requesting ratification by the Chief Engineer, Director of Transportation Development, and the Chief Financial Officer to utilize the following formula to determine regional allocations of the Surface Treatment Funds:

$$\text{Regional Allocation} = (2*5P + 10F)/20$$

Where:

5P = Past five years of regional allocation percentages.

10F = Future ten years of regional allocation percentages based on the current model.

The allocations will be calculated every two years utilizing the current Pavement Management model projections with the next calculation occurring for FY 2012 and FY 2013. The next calculation is scheduled to occur in April 2009. Fiscal years 2010 and 2011 percentages are ratified by this policy memo and the remaining percentages are shown for illustrative purposes only. Fiscal year 2007 and FY 2008 percentages were ratified previously (Policy Memo #19, 5/25/05). Fiscal year 2009 percentages were ratified by Policy Memo #19, dated 11/30/2006. At that time the schedule for calculation was revised to align with statewide planning processes.

Background: As outlined in Resolution Number 1214, the following formula was developed.

$$\text{Regional Allocation} = (5P + 5F)/10$$

Where:

P = Past five years of regional allocation percentages.

F = Future five years of regional allocation percentages based on the current PMP model.

Upon further investigation, some minor refinements were made to the formula in order to allocate a portion of the surface treatment funds based on the need to reconstruct pavements with no Remaining Service Life (RSL 0) and to smooth the transition into the model. It is recommended that 90 percent of the allocation will be performance based and 10 percent of the allocation will be needs based. To minimize allocation fluctuation, 90 percent of the allocation is based on the following formula:

$$\text{Regional Allocation} = (2*5P + 10F)/20$$

Where:

5P = Past five years of regional allocation percentages.

10F = Future ten years of regional allocation percentages based on the current model.

The remaining 10 percent is based on the regional percentage of the statewide total of pavements having a RSL of zero. For example, if a region had 25 percent of the network's RSL zero pavements, then the region would receive 25 percent of this portion of the surface treatment funds.

The total allocation for a region is the sum of the performance based PMP allocation and the needs based allocation. The following table indicates the revised percentages for the regional allocations utilizing the calendar year 2006 model. The projection uses the approved 2035 Revenue Forecast for the Surface Treatment Program (12/14/2006). In addition, the projection includes improvements made to the model as recommended by the Pavement Management Technical Committee on April 18, 2007. Fiscal year 2010 and FY 2011 percentages are ratified by this policy memo and the remaining percentages are shown for estimation only. Policy Memo #11-*Hold Harmless Scenario* was archived in FY 2007. Fiscal year 2009 percentages were approved by Policy Memo #19 (11/30/2006) and are shown for information only.

Surface Treatment Funds Regional Allocation Percentages

Region (% RSL 0 pavements)	FY 09 Allocation %	FY 10 Allocation %	FY 11 Allocation %	FY 12 Allocation (estimate)	FY 13 Allocation (estimate)	FY 14 Allocation (estimate)
Region 1 (14.20)	14.02	14.2	14.0	14.0	13.3	13.2
Region 2 (21.60)	18.55	20.0	19.1	19.4	20.1	19.6
Region 3 (14.48)	15.72	17.6	18.0	18.0	17.6	17.5
Region 4 (31.61)	26.04	21.6	22.7	23.0	22.8	23.2
Region 5 (12.99)	11.74	12.3	12.3	12.1	12.3	12.6
Region 6 (5.12)	13.93	14.3	13.9	13.5	13.9	13.9

Schedule for calculation of Region allocation percentages

Allocation % calculation date *	Allocation % set for FY	Surface Treatment Funds Advancement Schedule **
February 2005 (2004 model)	FY 07, 08, 09	November 2005 advance FY 07 funds November 2006 advance FY 08 funds November 2007 advance FY 09 funds
April 2007 (2006 model)	FY 10, 11	November 2008 advance FY 10 funds November 2009 advance FY 11 funds
April 2009 (2008 model)	FY 12, 13	November 2009 advance FY 12 funds November 2010 advance FY 13 funds
April 2011 (2010 model)	FY 14, 15	November 2011 advance FY 14 funds November 2012 advance FY 15 funds
Each April, every two years	Two Fiscal years %'s locked in	Same schedule pattern as above

* Future allocation changes will be presented at the April RTD meeting. Treatment costs and other model changes approved by the Technical Committee prior to June of each year will be used to determine Good/Fair/Poor percentages and projections.

** Surface Treatment Advancement shall occur at the earliest date possible after approval for advancement by the Transportation Commission.
Each April, the revised Policy Memo will be approved with two years locked in and estimations for the remaining four years to complete necessary STIP/Control Total calculations.

I Concur: Heather Copp 5/3/07
Date
Heather Copp,
Chief Financial Officer

I Concur: Jennifer Finch 5/24/07
Date
Jennifer Finch
Director of the DTD

I Concur: Pamela Hutton 5-2-07
Date
Pamela Hutton, P.E.
Chief Engineer

cc T. Aschenbrener
RMEs
D. Harmelink (FHWA)
RTDs
J. Olson