



COLORADO

Department of Transportation

Division of Transportation Development
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DATE: January 19, 2022
TO: Statewide Transportation Advisory Committee (STAC)
FROM: Rebecca White, Director, Division of Transportation Development (DTD)
Marissa Gaughan, Manager, Multimodal Planning Branch, DTD
Amber Blake, Director, Division of Transit and Rail
SUBJECT: 10-Year Plan Update

Purpose

The purpose of this memo is to provide the STAC with an update on the 10-Year Plan financial considerations.

Action

No action is required. This agenda topic is for informational and discussion purposes only.

Background

The 10-Year Plan is being updated to reflect state SB260 and federal infrastructure bill revenues, along with the recently adopted GHG pollution reduction planning rules, and the progress thus far in delivering the original first four years of the 10-Year Plan.

Details

CDOT has made considerable progress in delivering the first four years of the 10-Year Plan while being able to closely adhere to the original regional equity targets set at the beginning of the planning process. Additionally, the Department is also on track to meet the rural paving and asset management goals for the first four years of the 10-Year Plan. As we work to update the plan for the reasons noted above, staff is considering the following issues:

Transit Allocation and Equity Target Recommendations

Because of the integration of transit and multimodal options into many larger 10-Year Plan projects and the new GHG reduction requirements, staff no longer views the 10% transit allocation set-aside as necessary. This recommendation allows for a more 'whole system' approach and will give CDOT and our planning partners more flexibility and adaptability when achieving our GHG reduction goals moving forward. Staff is also recommending to use the same equity targets for both highway and transit going forward. As we plan multimodal projects that include elements of highway, transit and bike/ped improvements all woven together, it does not make sense to use different equity targets.

Rural Paving and Asset Management

Staff recommends maintaining the 25% for rural pavement threshold with the inclusion of rural interstate pavement to count as a part of the rural pavement requirement.

FY 23-26 Financial Considerations

The funding certainty provided by SB260 combined with the Infrastructure Investment and Jobs Act (IIJA) adds additional complexity because each of the different funding types has its own requirements and restrictions. Those state and federal funding types include:

State funding:

- SB 267 Certifications of Participation: Requirement to spend dollars within 3 years
- SB 260 Bridge and Tunnel Enterprise (BTE): Poor-rated bridges and tunnels
- Nonattainment Area Air Pollution Mitigation Enterprise: Projects that benefit air quality in nonattainment areas
- SB260 Multimodal Transportation and Mitigation Options Fund (MMOF): 15% state funding; for multimodal projects
- SB260 Highway User Tax Funds (HUTF): Flexible revenue from the HUTF, but includes some competing demands, such as debt service from SB267

Eligible portions of the federal infrastructure bill:

- Additional flexible funding and specific funding for bridge and risk/resiliency
- Significant funding towards grant programs

Additionally, staff is determining how to best leverage the BTE and High Performance Tolling Enterprise (HPTE) funding opportunities.

Next Steps:

At a future meeting, staff will further explain how the Department can align each of the aforementioned funding sources and requirements with projects within the plan. The future discussion will consider the 10-Year Plan time periods and project readiness.

Attachments

10-Year Plan Update Presentation



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Department of Transportation

10 Year Plan Update

Statewide Transportation Advisory Committee
January 2022



Building the Updated 10-Year Plan: A Refresher

Why are we updating the 10-Year Plan?

- New revenue: In October 2021, staff gave a presentation about the revenue outlook and update approach for the 10-Year Plan. This included a look at the new funding provided by SB 260 along with expected dollars from the federal infrastructure bill.
- Greenhouse Gas Rulemaking: In December 2021, the Transportation Commission adopted the new GHG Pollution Reduction Planning Rule. The 10-Year Plan must comply with the new standard for reduced greenhouse gas emissions.
- Progress delivering the first four years of the 10-Year Plan: Looking across the entire time period of the current plan, we are transitioning from completing the last year of the original 4-year list to determining the next set of projects and adding additional years to the plan.



Updated TC Guiding Principles

 Safety	 Mobility	Economic Vitality 	Asset Management 	 Strategic Nature	Regional Priority
Potential Criteria	Potential Criteria	Potential Criteria	Potential Criteria	Potential Criteria	Potential Criteria
Extent to which project addresses safety deficiencies at locations with known safety issues (as indicated by Level of Safety Service (LOSS) 3 or 4), or other known or projected safety issues	Extent to which a project addresses a mobility need and reduces greenhouse gas emissions, including congestion reduction, improved reliability, new or improved connections, eliminations of “gaps” or continuity issues, new or improved multimodal facilities, improves efficiency through technology or improved access to multimodal facilities.	Extent to which a project supports the economic vitality of the state or region and ensures disproportionately impacted communities realize the economic benefits of a project, such as supporting business, freight, agricultural or energy needs, or providing or improving access to recreation, tourism, job, military, healthcare or other significant activity centers.	Extent to which project addresses asset life, including improving Low Drivability Life pavement or poor rated structures	Strategic nature of project, regional or statewide significance, leverages innovative financing and partnerships, and balances short term needs vs. long term trends.	Priority within the Region, based on planning partner input including priorities expressed in Regional Transportation Plans
TC Guiding Principle	TC Guiding Principle	TC Guiding Principle	TC Guiding Principle	TC Guiding Principle	TC Guiding Principle
Safety	Mobility Programs and projects leveraging new technology development Integrated System Impacts and Benefits Reduction of Greenhouse Gas Emissions	Economic Impacts Statewide Equity Social Equity	Asset Management / Preservation Benefits Impact of Asset Management decision on asset life and function	Financial Leverage, Financial innovation, and Partnerships Short term projects vs. Accommodating Long-Term Projects trends How does the system look in 30 years and how does this project fit in?	Is the project consistent with the 2045 Statewide and Regional Plans and the projects identified as part of that collaborative process? Regional flexibility / Collaborative agreement on smaller scale projects included in the 10-year Plan



Where We Sit Now - Highway

Equity Summary to Date (Thru Year 3b)			
Region	Total Allocation	Equity to Date	Equity Target
1	\$701,790,764	34.07%	34.23%
2	\$388,743,520	18.87%	18.97%
3	\$312,779,808	15.18%	15.07%
4	\$493,442,825	23.95%	23.87%
5	\$163,124,100	7.92%	7.86%
Total	\$2,052,252,117	100.00%	100.00%

- Due to funding from **SB 1, SB 267, SB 260** and stimulus dollars the Commission has advanced 85% of the projects from the original four year priority list.
- This table shows the allocations to date for highway projects and where we are in terms of equity compared to the highway equity targets.
- Highway equity targets were set using the RPP midpoint formula.



Where We Sit Now - Transit

Equity Summary to Date (Thru Year 3)			
Region	Total Allocation	Equity to Date	Equity Target
1	\$70,750,000	44.76%	44.33%
2	\$24,655,000	15.60%	17.04%
3	\$23,683,455	14.98%	12.84%
4	\$31,552,504	19.96%	21.20%
5	\$7,440,000	4.71%	4.59%
Total	\$158,080,959	100%	100%

- This table depicts the same information as the last slide, but for transit projects.
- Transit equity targets were set using the MMOF formula.



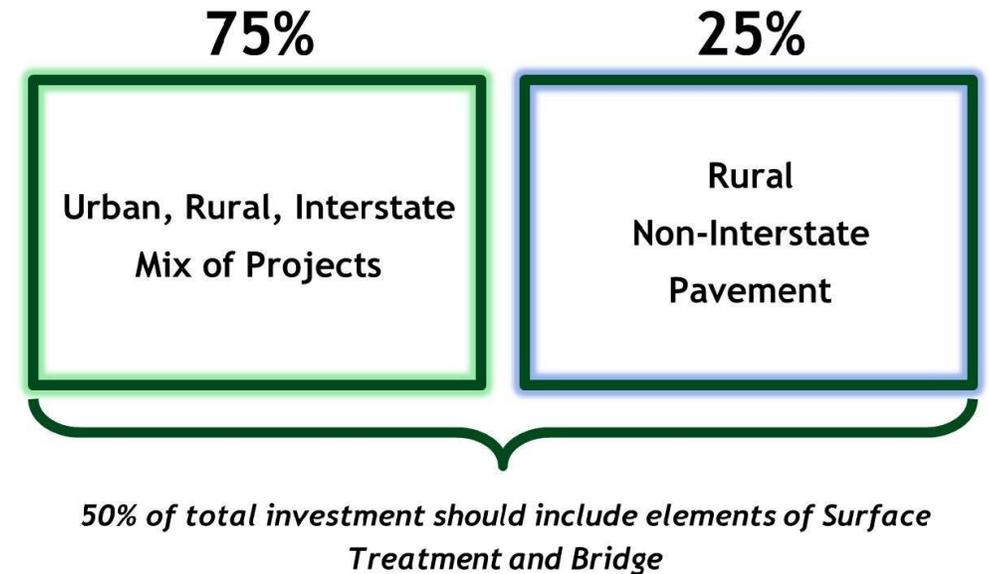
In Summary

- *\$2.2 Billion has been allocated to date for projects in Years 1-3.*
- *With \$380M in remaining commitments, we are about 85% finished with funding the original 4-year priority list. We've also been able to advance critical projects from the out years of the plan to align with new revenue that's become available (federal stimulus, etc.).*
- *We have also been able to get some projects ready from the outyears of the plan so that we're prepared to move quickly once our next four year list is established.*



Where We Sit Now - Rural Paving & Asset Management

- We are on track to meet the Rural Paving and Asset Management goals in delivering the first four years of the 10-year plan.
- 33 Rural Paving projects have been advanced for funding to date, with 14 now complete or under construction.
- Fixing our Assets - Some notable areas of progress include critical repairs to EJMT, addressings poor interstate pavement along I-76, and improving safety and road conditions along CO 13 by adding shoulders, drainage and wildlife underpass.





Future Highway / Transit / Rural Paving & Asset Management Recommendations





Future Highway / Transit Recommendations - Transit Allocation Target

Original 4-Year List:

- The original 4-yr list included a 10% allocation for transit.

Recommendation for future years (FY23+):

- After we fund Year 4 projects, CDOT staff recommends not having a set percentage allocation for transit.
 - Advantages to this approach: This will allow us to more fully integrate transit into 10-Year Plan projects, and ensure we are thinking about the whole system as one.
 - Disadvantages to this approach: Opens up the potential for less than 10% to transit. However, given the new GHG requirements, we expect the total investment to transit to be larger than the current 10% allocation to transit. Not restricting ourselves to 10% gives us more flexibility and adaptability when it comes to meeting our GHG goals and planning for multimodal projects.



Future Highway / Transit Recommendations - Transit Equity Targets

Original 4-Year List:

- Highway and transit allocations tracked using different equity targets.

Recommendation for future years (FY23+):

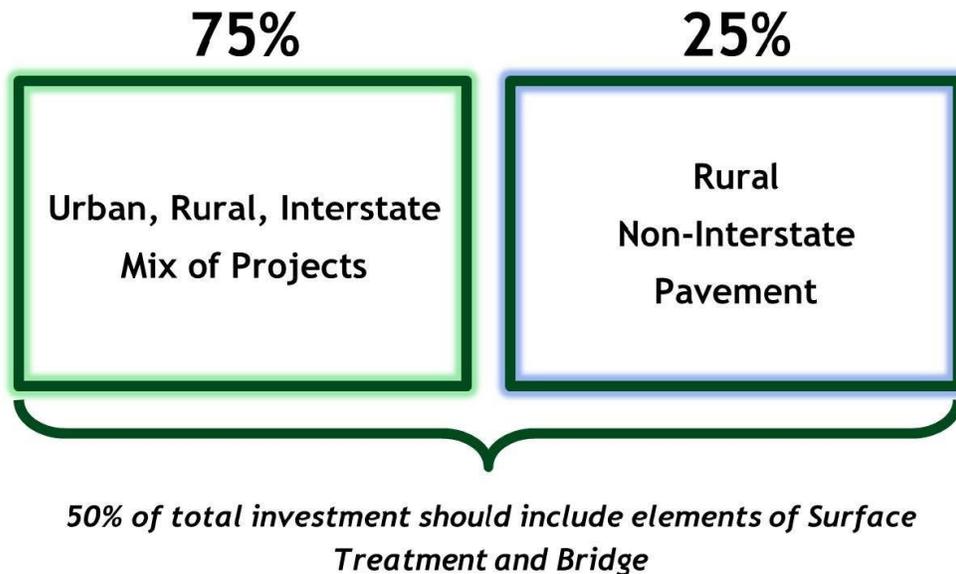
- After we fund Year 4 projects, CDOT staff recommends we use the same equity targets for both highway and transit and utilize the overall “split the baby” RPP midpoint formula for both.
 - Advantages to this approach: This makes it much easier to track, report and be transparent about delivering the 10-Year Plan, especially if there is no longer a straight, cleancut percentage divide between highway and transit projects. As we plan multimodal projects that include elements of highway, transit and bike/ped improvements all woven together, it does not make sense to use different equity targets.
 - Disadvantages to this approach: Does not allow for transit to be taken off the top and tracked separately using more nuanced targets.



Future Rural Paving & Asset Management Recommendations

Original 4-Year List:

Used formula as shown below.



Recommendation for future years (FY23+):
Maintain original strategy, except allow for rural interstate pavement to count as part of the 25% for rural pavement.

Advantages to this approach:

- Continues our fix it first approach to maintaining/improving our system.
- Colorado is 47th in the nation in terms of rural interstate pavement condition. Making this change could help further direct funding to this critical need.



10-Year Plan Fiscal Constraint





Fiscal Constraint Overview

There are four components to consider for the 10-Year Plan update:

1. Fully delivering on the original 4-yr priority list (FY 19-22)
1. Building the next 4-yr priority list (FY 23-26)
1. Resetting current out years of the plan (FY 27-30)
1. Adding additional years to include a full ten years (FY 31-32)



1. Fully delivering on the original 4-yr priority list (FY 19-22)

Region	FY22 Total	FY 22 Proposed Transit \$
1	\$133,380,508*	\$37,170,000
2	\$74,101,909	\$11,300,000
3	\$54,910,261	\$3,500,000
4	\$88,956,774	\$3,325,000
5	\$28,650,548	\$0
Totals	\$380,000,000	TBD

- Remaining projects on the 4 yr list total **\$380M** (including transit).
- This amount includes \$170M for I-270. However, fully allocating this amount now would both impact equity and far exceed the project’s need in FY22.
- Thus, the numbers in this table reflect the same total \$380M investment redistributed to reach equity in every region across the 4-yr timeframe.
- This redistribution provides regions with additional funding to support pre-construction for the next set of projects.
- As the 4th issuance of COPs is expected to result in ~\$630M (including interest), the remaining balance (~\$250M) will be rolled into delivering the next four years of the plan.
- Final project decisions (in particular for transit) are subject to change as we continue the planning process.



2. Building the next 4-yr priority list (FY 23-26)

- In keeping with past practice, staff proposes that we work to achieve equity over the four year period (allowing regions to receive more/less funding in certain years depending on project readiness, etc.)

3. Resetting current out years of the plan (FY 27-30)

4. Adding additional years to include a full ten years (FY 31-32)



Next Step: Funding Analysis

- The funding certainty provided by SB260 and the IIJA also comes with additional complexity as we look at a list of varied funding sources; each with its own requirements and restrictions:
 - State Funding:
 - SB 267 COPs: Requirement to spend dollars within 3 years
 - SB260 Bridge and Toll Enterprise: Poor-rated bridges and tunnels
 - Nonattainment Enterprise: Projects that benefit air quality in the nonattainment areas
 - SB260 MMOF: 15% state funding; for multimodal projects
 - SB260 HUTF: Flexible revenue from the HUTF, but includes some competing demands, such as debt service from SB267
 - Eligible portions of the federal infrastructure bill:
 - Additional flexible funding and specific funding for bridges and risk/resiliency
 - Significant funding towards grant programs
- Additionally, we need to determine how we can best leverage the BTE and HPTE; including the financing options provided by these sources



Next Step: Funding Analysis

Future briefings will explain how we can align each of these funding sources and requirements with projects within the plan; considering the time periods we've established and project readiness within these time periods.

The ultimate goal is to maximize every opportunity to deliver the 10 year plan.

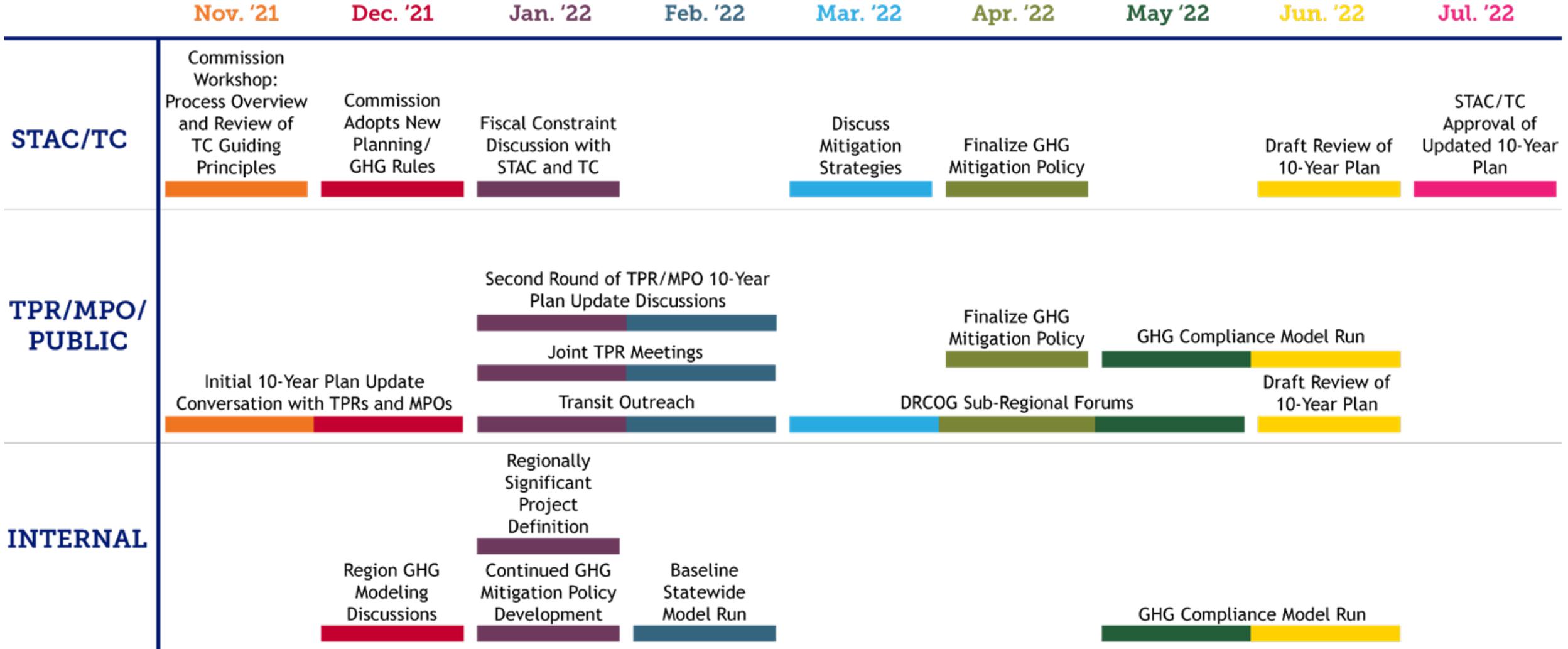


Updated Schedule and Next Steps





10-Year Plan Update Timeline





10-Year Plan Modeling

- Per the requirements of the GHG Rule, the updated plan will need to be modeled for compliance with the GHG reduction levels.
- Staff is currently updating the travel model to better evaluate the existing plan.
 - In discussion with all regions to ensure accuracy.
- The team also is continuing to work with the MPOs via separate working groups on modeling and mitigation.
- A team also is working on modifying the definition of regionally significant projects and will be presenting options to planning stakeholders for their input.



Next Steps

- Funding Analysis
- Determine next set of priorities for new 4-year list (FY 23-26)
- Re-establish out year projects (FY 27-32)
- Ensure 10-Year Plan complies with the new GHG requirements
- Continue working with MPOs/TPRs on all of the above