

# MEMORANDUM

## DEPARTMENT OF TRANSPORTATION

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DATE: 9 September 2011  
TO: Transportation Commission  
FROM: Ben Stein  
SUBJECT: Additional FY12 Funding availability and Scenarios for its Use

As a portion of the Budget Workshop on September 21<sup>st</sup>, there will be a presentation on additional funding available for the TC to allocate. The sources of these funds are varied. Many have been discussed with you before, but some have come to light only recently. Below is an accounting of these funding sources, which are available for the TC's allocation.

### Additional Federal Funding

**FY11 Final Apportionments**—We have discussed the utilization of these funds previously. When the continuing resolution was passed for the remainder of the federal fiscal year (culminating September 30<sup>th</sup>), OFMB was able to reconcile the federal spending authority granted to CDOT. The total amount that became available was \$166 Million. Of that amount, \$48 Million was released to local agency programs and \$26 Million is dictated by the federal legislation to go to programs such as Bridge On-System and Planning. The amount of flexible funds available is **\$91.8 Million**.

**Redistribution**—OFMB received notice of federal redistribution of obligation limitation on September 9<sup>th</sup>. CDOT, as always, applied for the maximum amount for which we were eligible, which was \$86 Million. The total amount received was \$19 Million. Of that amount, \$4.7 Million will go to local agency programs, and \$3.7 is dedicated to specific CDOT programs. /the amount that is flexible and available for TC allocation is **approximately \$10.6 Million**.

### FY11 Rollforward

As discussed last month, at the end of FY11, there were remaining funds unspent. After requests for the rollforward balance were processed, there was a balance estimated at \$12.6 Million, but after year end process was completed that amount increased slightly. The amount available is **\$13.1 Million**.

### Reconciliation of SB-1 Revenues

These funds are legislatively dedicated to 7<sup>th</sup> Pot Projects, and have been held in reserve to fund shortfalls in 7<sup>th</sup> Pot projects or to address critical needs in those corridors. Because SB-1 funds are no longer flowing to CDOT, and there are a relatively few 7<sup>th</sup> Pot projects under construction, staff recommend that the TC allocate these funds to an appropriate 7<sup>th</sup> Pot project. Additional funding from project closures may be added to this pool, but only a minimal amount is expected. The amount of SB-1 funds that is unallocated is \$15.6 Million. Past policy was to hold a reserve of \$5 Million. Considering the smaller number of projects funded from this source at this time, staff recommends lowering this amount to \$2.5 Million. This would leave the amount available at **\$13.1 Million**. (This amount is net of the 10% transit requirement, as that allocation was made at the time funds were received.)

### Unused Match for ARRA Project Match

At the inception of the ARRA program, funds were set aside for any costs that were not eligible to be billed to the federal government. Now that the program is close to final, the remainder of these funds can be returned to the TC. The amount available is **\$3.3 Million**.

### Reconciliation of 1310 Revenues

In order to close-out the 1310 revenues, OFMB recently completed a reconciliation of the allocated versus actual revenue receipts for this revenue source. This work resulted in the determination that there some additional funds available, which must be used for construction projects. A small amount of additional funding is still being added to this pool on a regular basis with the closure of projects. The amount currently available for allocation is **\$37.8 Million**.

**Reconciliation of HUTF Revenues**

OFMB recently completed a thorough reconciliation of the budgeted versus actual revenue receipts of the HUTF. This work resulted in the determination that there are additional funds available in both regular state highway fund revenues and FASTER safety revenues. FASTER safety revenues in the amount of \$7.4 Million are available, and the TC has a policy in place stating the allocation methodology. Unless the TC indicates that another method is desirable, these funds will be allocated to the regions based on this policy. The amount of regular state highway fund revenues available for allocation is **\$59.4 Million**.

**Summary of Available Funds**

<b>Source of Funds</b>	<b>Amount</b>
FY11 Final Federal Apportionments	\$ 91.8 Million
FY11 Federal Redistribution	\$ 10.6 Million
FY11 Rollforward	\$ 13.1 Million
SB-1 Revenues	\$ 13.1 Million
ARRA Match	\$ 3.3 Million
1310 Revenues	\$ 37.8 Million
HUTF Revenues	<u>\$ 59.4 Million</u>
TOTAL	\$229.1 Million

Given the amounts listed above, staff has held extensive discussions on potential alternative uses of the available funds. Per Commission guidance last month, these potential uses include:

- Rock Fall Mitigation Program
- Road Equipment Program
- Removal of beetle kill timber in CDOT ROW
- The annual loan to transit operators
- Surface Treatment Program
- Regional Priority Projects (RPP)
- Specific Strategic Corridor Projects (including the Twin Tunnel eastbound)
- Maintaining an adequate Transportation Commission Contingency

Factored into staff’s discussions is the high level of uncertainty that currently exists in regards to federal funding. Due to this level of uncertainty, staff is no longer recommending allocating approximately \$60 million in funds out to the regions now for surface treatment with the understanding of a “payback” out of regional surface treatment funds in either FY13 or FY14. The potential “feast and famine” this could create for our contractor partners could have a severe impact upon their ongoing viability. Accordingly, all alternatives propose holding \$60 million now for obligation in FY13 for the Twin Tunnel project.

Also, all the alternatives incorporate recommended additional funds to address beetle kill, rock fall, additional road equipment and accommodating the annual loan to local transit operators. The amounts recommended for these elements are:

- Beetle Kill: \$2 million (included in this month’s budget supplement)
- Transit Loan: \$4.8 million (included in this month’s budget supplement)
- Rock Fall Mitigation: \$2 million (additional)
- Road Equipment: \$5 million (additional)
- Misc. Total: \$13.8 million

While considering these alternatives, keep in mind the current formulae used for the distribution to the regions for RPP and Surface Treatment respectively. Regional allocations for these two types of funds differ significantly.

<b>Region</b>	<b>RPP</b>	<b>Surface Treatment</b>
1	14.7%	12.5%
2	16.5%	20.2%
3	14.1%	15.5%
4	15.5%	22.7%
5	8.9%	11.7%
6	30.5%	17.4%

Note: these percentages are approximate and when allocations are run through the resource allocation model, they may come out slightly differently.

Alternative #1 (Regional Balance)

Surface Treatment:	\$90.0 million	
Misc. Items:	\$13.8 million	
Twin Tunnels:	\$60.0 million	
<u>RPP:</u>	<u>\$65.3 million</u>	(Allocate to regions by formula for project selection)
Total	\$229.1 million	

Alternative #2 (Surface Treatment as a Priority)

Surface Treatment:	\$125.0 million
Misc. Items:	\$13.8 million
Twin Tunnels:	\$60.0 million
<u>RPP:</u>	<u>\$30.3 million</u>
Total	\$229.1 million

Alternative #3 (Strategic Projects)

Surface Treatment:	\$90.0 million
Misc. Items:	\$13.8 million
Twin Tunnels:	\$60.0 million
<u>Strat. Projects</u>	<u>\$65.3 million</u> (TC selects specific 7 <sup>th</sup> pot project(s))
Total	\$229.1 million

Finally, in considering the alternatives, the regions have provided lists of strategic corridor projects and other potential projects available to advertise by the end of March 2012. This is provided as an attachment to this memorandum. If you have any questions regarding the information provided prior to the meeting next week, please feel free to call me at (303)757-9168 or email me at [ben.stein@dot.stat.co.us](mailto:ben.stein@dot.stat.co.us) , or contact Laurie Freedle at (303) 757-9171 or [laurie.freedle@dot.state.co.us](mailto:laurie.freedle@dot.state.co.us).