

MEMORANDUM

DEPARTMENT OF TRANSPORTATION

Division of Accounting and Finance
4201 East Arkansas Avenue
Denver, Colorado 80222
(303) 757-9262
FAX (303) 757-9656



DATE: November 18, 2009

TO: Transportation Commission

FROM: Heather Copp, CFO

SUBJECT: Reconciliation and Allocation of Transportation Contingency Funds

The Transportation Commission has set aside funds to deal with various unforeseen circumstances. Currently there is approximately \$244 million that has not been allocated to programs. Of that, staff is recommending that the Transportation Commission keep \$118 million in reserve. Please see attached spreadsheet. The remaining balance that would be available to program is approximately \$126 million. The Transportation Commission will need to take into consideration that these are one time funds and the revenue picture for the rest of FY 10 and FY 11 is very uncertain at this time. We are currently under our second continuing resolution through December 18, 2009. The Federal trust fund is expected to run out of funds in December. In addition, in accordance with TC Resolution 1306 some if not all of these funds will need to be allocated utilizing the incremental formula. TC Resolution 1306 has been attached for your consideration.

The CDOT Executive Management has had many discussions about the best use of these funds. The Staff has identified the following options:

- \$20 million of the \$126 million is S.B. 97-001 funds. These funds need to be utilized on 7th Pot projects. I have attached a list that the Transportation Commission approved in October of 2008 for use of 7th Pot projects. Most of this list was not funded due to the loss of S.B. 97-001 funds.
- Increase the surface treatment program by a minimum of \$32 million. This would bring the program in FY 10 to \$125 million. The \$125 million is a historical allocation to the surface treatment program.
- Restore funding to the FASTER Safety projects in the amount of \$8 million. The project list that the Transportation Commission approved last month was based on receipt of approximately \$79 million in FASTER funds. The current estimate is \$71 million. Some of the projects will need to be postponed or some of these funds could be used to fund the shortfall.

- Allocate additional funds above the \$20 million available in S.B. 97-001 funds to fund additional 7th pot projects. Would need to look at the impacts to the MOUs and regional allocations.
- Allocate funds to design projects in the event that additional funds are received through the federal authorization bill or some other source. There are several corridors that have received a FONSI or ROD and due to the loss of funding, design and construction work has not been able to proceed.

If you have any questions regarding this information, please feel free to call my at (303) 757-9262.

Resolution Number TC-1306

WHEREAS, in accordance with C.R.S. 43-1-106(8)(a), the Transportation Commission is responsible for formulating the general policy with respect to the management, construction, and maintenance of public highways and other transportation systems in the state; and

WHEREAS, in accordance with C.R.S. 43-1-1101, the Colorado General Assembly recognizes that the Department of Transportation is the proper body to perform statewide transportation planning with the cooperation of the regional planning commissions and local government officials; and

WHEREAS, in accordance with C.R.S. 43-1-113(1), all funds and moneys to the credit of the Department of Transportation, with the exception of Aviation Funds, are to be expended under the direction and supervision of the Transportation Commission; and

WHEREAS, pursuant to C.R.S. 43-1-113(2), the Transportation Commission, as the policy making body for the Department of Transportation, is responsible for the development and adoption of an annual budget allocation plan for moneys subject to its jurisdiction; and

WHEREAS, the Transportation Commission acknowledges that revenues that are generated from current sources do not adequately address major needs on the State's transportation system; and

WHEREAS, historically, when revenues have come in above or below projections, Department staff has been required to quickly develop a recommendation to deal with the changed revenue situation; and

WHEREAS, the Transportation Commission believes that should new or incremental increases in revenue for transportation become available, it is prudent to have an acceptable, agreed upon plan for allocating these revenues to various competing transportation needs; and

WHEREAS, a plan for allocating new or incremental revenue would allow planning partners to understand the impact of new revenues on their areas, to prioritize competing needs, and to allow staff to develop recommendations consistent with Transportation Commission intent and Transportation Planning Region input; and

WHEREAS, after consultation with Department staff and planning

partners, the Transportation Commission agrees that a proposed plan should contain guidelines for how changes in revenue may be handled, including definitions of terms and revenue types, the methodology for allocation of revenue increases, the methodology for programming or spending these revenues, baseline revenue projections, and a safety clause to allow the Transportation Commission to allocate funding to a specific geographical area in the event of an emergency or catastrophe.

NOW THEREFORE BE IT RESOLVED that the Transportation Commission has determined that the preferred allocation methodology is:

- 1) Baseline Revenues, defined as “the annual revenue projections used for the 2030 Statewide Transportation Plan” using the Office of State Planning and Budgeting's projections dated June 2003 for any SB 97-001 and HB 02-1310 funding, and CDOT's revenue projections for other funds. This baseline will remain in effect until the next federally required update of the LRP.
- 2) Incremental Revenues, defined as “annual revenues from existing sources, above the amount projected for any fiscal year in the baseline revenue projection for that year,” will be allocated to the CDOT Engineering Regions based on a weighting of 60 percent System Quality Investment Category and 40 percent Mobility Investment Category. A minimum of 30% of these funds, as allocated to the regions, shall be spent on System Quality, unless otherwise approved by the Transportation Commission.
- 3) New Revenues, defined as, “annual revenues from new sources, such as new legislation, a referendum or voter initiative or onetime revenues, which increase the amount of funding available for programming by the Transportation Commission above the annual baseline projection for that year,” will be allocated to the CDOT Engineering Regions based on a weighting of 70 percent Mobility Investment Category and 30 percent System Quality Investment Category. A minimum of 30% of these funds, as allocated to the regions, shall be spent on Mobility, unless otherwise approved by the Transportation Commission.
- 4) The Transportation Commission shall be able to fund the Contingency fund up to 5% of actual annual budget before any allocations are made available to the regions.
- 5) In case of emergencies, the Transportation Commission shall allocate funds to a geographic area without regard to geographic

distribution.

6) These guidelines shall remain in effect until revised by the Transportation Commission.

	Current Contingency Funds as of 10/30/09	
Current TC Contingency	\$	76,208,257
Contingency for Snow and Ice	\$	10,000,000
Contingency for Rescission	\$	98,709,591
Contingency for Rescission	\$	23,723,984
S.B. 97-001 Funds	\$	20,328,954
FY 09 Misc. Revenues above Forecast	\$	15,462,304
Subtotal	\$	244,433,090
5% for TC Contingency	\$	50,000,000
Snow and Ice Contingency	\$	10,000,000
Contingency for Rescission	\$	50,000,000
S.B. 97-001 Contingency	\$	5,000,000
FY 09 HUTF Revenues below Forecast	\$	3,317,760
Subtotal	\$	118,317,760
Balance	\$	126,115,330

S.B. 97-001 Funds							
	STIP #	Projects	Ad Date	MPO/ TIP	Earmarks	SB 1	
Region 1	SSP4112 SSP4112 SSP4126 SSP4127 SSP4126	US 40/287 Corridor PE US 40/287 - Boyero I-70 West: Truck Parking South I-25 Corridor Design I-70 West: Chain Stations - Phase III	N/A March-09 TBD Design TBD	X		\$0.40 \$12.50 \$10.00 \$1.00 \$2.10	\$26.00
Region 2	SSP4212 SSP4020 SSP4020 SSP4227	US 287 South of Springfield Powers Blvd & Airport Interchange Powers Blvd Right of Way I-25 & Cimarron Right of Way	Jul-09 Prelim. Design for Design Build Pkg. ROW ROW	X X X		\$15.00 \$1.00 \$5.00 \$7.00	\$28.00
Region 3	SSP4326 SSP4326 SSP4326	I 70 Edwards Interchange (Carryover from FY 08) I-70 Fiber Optic IT Phase I (Vail to Glenwood Canyon) I-70 Fiber Optic IT Phase II (Vail to Glenwood Canyon)	September-09 July-09 July-09			\$11.00 \$10.70 \$6.30	\$28.00
Region 4	SSP4028 SSP4028	North I-25 Corridor - SH 7 to SH 66 I 25 & SH 392 Interchange	ROW Construction	X X		\$2.50 \$25.00	\$27.50
Region 5	SSP4015	US 550, New Mexico State Line to Durango *	Dec. 2008			\$1.50	\$1.50
Region 6	SSP4024 SSP4025 SSP4025	I 70 East Corridor West Corridor: US 6 Improvements at Federal and Bryant West Corridor: US 6/Wadsworth Interchange	Design Plan to go to ad in Fall 2009 Design	X X X	\$4.00	\$0.87 \$34.50 \$8.00	\$43.37
DTD	TBD TBD	Implementation Steps for Passenger Rail Service Implementation Plan for NFR Commuter Bus	N/A N/A	X		\$0.25 \$0.02	\$0.27
OFMB	SST7006	Debt Service	N/A			\$104.80	\$104.80
		<u>10% for Strategic Transit Projects</u> To be Determined				\$21.60	\$21.60
							\$281.05

NOTE: \$281.05 assumes \$216 M SB 1 transfer, \$10.95 M carryover from FY 08, \$19.5 M December FY 08 transfer, and \$34.6 M from 7th Pot Pool Balance