



COLORADO
Department of Transportation
Division of Accounting and Finance

4201 East Arkansas Avenue, Room 262
Denver, CO 80222

MEMORANDUM

TO: TRANSPORTATION COMMISSION
FROM: MARIA SOBOTA, CHIEF FINANCIAL OFFICER (CFO)
DATE: NOVEMBER 17, 2016
SUBJECT: FY 2017-18 PROPOSED ANNUAL BUDGET

Purpose

This memorandum summarizes line item changes to the fiscal year (FY) 2017-18 Proposed Annual Budget to be discussed during the Transportation Commission (TC) meeting, including:

- Administrative (Appropriated)
- Strategic Projects
- Transportation Commission Program Reserve
- Suspension of the \$15.0 million federal transfer to Bridge Enterprise

Action

This month, the TC is being asked to review final changes to the FY 2017-18 Proposed Annual Budget and to adopt the budget prior to submission to the Office of State Planning and Budgeting (OSPB) and Joint Budget Committee (JBC).

Background & Details

The TC annually adopts the CDOT and Enterprises' proposed budgets in the fall before adoption of the final budgets each spring. Last month, the TC reviewed FY 2017-18 final revenue estimates, the preliminary FY 2017-18 Draft Budget, and the FY 2017-18 Budget Narrative. The TC was informed that a final version of the FY 2017-18 Draft Budget, with minimal adjustments, would be brought back for adoption in November. The FY 2017-18 Proposed Annual Budget (see Attachment A) and resolution for adoption are included in the packet for TC review. As discussed during the October TC meeting, there were no material changes made to the Budget Narrative. As a result, the slightly modified version of the Budget Narrative that will accompany the Proposed Annual Budget for OSPB and JBC approval is not included in the November TC packet.

The TC reviewed a version of the FY 2017-18 Annual Budget in October that included comparisons to the FY 2016-17 budget allocations. This month, the Proposed Budget is shown in the format required by OSPB and the JBC for approval. The two primary columns are titled FY 2017-18 Allocations and FY 2017-18 Budget. The shading for flexible (TC-directed) and inflexible funds has been updated. In addition, two footnotes have been added regarding FASTER Safety Funds and CE/Indirects.

The FY 2017-18 Proposed Annual Budget is balanced. The TC is being asked to adopt the Proposed Annual Budget with changes made subsequent to the version included in the October packet. Changes have been made to the Administrative (Appropriated) and the TC Program Reserve line items within the budget.



Strategic Projects (Lines 56 and 86)

On November 1, 2016 OSPB informed the JBC in its annual budget message that Senate Bill (SB) 09-228 funding for FY 2017-18 allocated to CDOT would be finalized at \$79.0 million, pending legislative approval. DAF originally budgeted \$109.3 million in SB 09-228 funding based on the September 2016 OSBP economic forecast. This \$30.3 million reduction affects both the highway line of the FY 2017-18 Annual Budget and the transit line, which by statute must receive at least 10% of SB 09-228 funding.

Administrative (Appropriated) Budget (Line 66)

The Administrative (Appropriated) Budget has been increased to \$30,969,087 (see Line 66 of FY 2017-18 Proposed Budget). As an executive department, CDOT builds its Administration line of the budget in conjunction with OSPB. This process involves making incremental adjustments through common policies and decision items to the current year base budget. The Governor is proposing a 2.5% pay increase for all full-time employees in FY 2017-18. Since October, the Division of Accounting and Finance (DAF) has increased the Administration Line by \$1,047,327 due to a proposed compensation/benefits increase, two Office of Information Technology (OIT) decision items, and an increase in the legal services budget for FY 2017-18. The updated Administration line is reflected in the final version of the Proposed Annual Budget.

Since CDOT funds its Administration line with State Highway Fund dollars, any money not appropriated to the Administration line is reverted to the Construction, Maintenance & Operations line of the budget. The balance is included in the TC Contingency and Program Reserve lines.

Transportation Commission Program Reserve (Line 104)

In October, staff recommended creation of a new line item for the TC, separating the Program Reserve Fund from the Transportation Commission Contingency Reserve Fund (TCCRF) for emergencies, such as disaster relief. For TC consideration in FY 2017-18, DAF has allocated \$10.3 million to the new Program Reserve line item.

Suspension of the \$15.0 Million Federal Billing by Bridge Enterprise

In order to allocate extra budget to CDOT's Bridge-On System program for FY 2017-18, CDOT, with the approval of the Transportation Commission, has suspended the annual \$15.0 million federal billing allowance by Bridge Enterprise (BE) for three fiscal years beginning in FY 2017-18. BE will continue to pay its scheduled debt service obligations during the three years of suspension. A Memorandum of Understanding (MOU) has been drafted to formalize the arrangement.

FY 2017-18 Proposed Budget Allocation Plan Narrative

The Proposed Budget Allocation Plan Narrative was updated from October to reflect a new program addition for Americans with Disabilities Act compliance. There were also updates in TC Program Reserve revenue and the Administrative (Appropriated) line. Because there were no further changes to the Proposed Narrative Budget, it has not been included in the November TC packet.



Key Benefits

N/A

Options and Recommendations

1. Adopt the FY 2017-18 Proposed Annual Budget by resolution (see Attachment B) -- STAFF RECOMMENDATION.
2. Request additional changes to the FY 2017-18 Proposed Annual Budget for review and adoption during the TC Meeting on November 17, 2016.
3. Request substantial changes to FY 2017-18 Proposed Annual Budget. Call a special TC Meeting prior to December 15, 2016 deadline for submission to the Governor's Office to discuss and adopt an updated FY 2017-18 Proposed Annual Budget.

Next Steps

On or before December 15, 2016, DAF will submit the FY 2017-18 Proposed Annual Budget to OSPB and the JBC for approval.

In January 2017, DAF will provide the TC with Division Decision Item requests for FY 2017-18. If approved, Decision Item requests will be added to the annual budget for TC adoption in March 2017.

In March 2017, DAF will:

- Update the FY 2017-18 Final Annual Budget to include new revenue estimates and Common Policy and Legislative decisions, including Capital Development Committee (CDC) funding, if any.
- Provide the FY 2017-18 Final Annual Budget to the TC for adoption.

In April 2016, upon adoption of the FY 2017-18 Final Annual Budget by the TC, the Department will resubmit the budget to the Governor for approval on or before the 15th of the month.

Attachments

Attachment A - FY 2017-18 Proposed Annual Budget

Attachment B - Transportation Commission Resolution



**Attachment A: Colorado Department of Transportation
FY 2017- 18 Proposed Annual Budget**

	Budget Category	Program Area	Directed by	FY 2017-18 Allocations	FY 2017-18 Budget	Funding Source
1	Maintain - Maintaining What We Have					
2		CDOT Performed Work				
3		Roadway Surface	TC	36,527,517	36,527,517	SH
4		Roadside Facilities	TC	24,541,847	24,541,847	SH
5		Roadside Appearance	TC	10,703,416	10,703,416	SH
6		Structure Maintenance	TC	6,149,783	6,149,783	SH
7		Tunnel Activities	TC	5,984,466	5,984,466	SH
8		Snow and Ice Control	TC	79,083,737	79,083,737	SH
9		Traffic Services	TC	65,457,519	65,457,519	SH
10		Planning and Scheduling	TC	17,306,562	17,306,562	SH
11		Material, Equipment and Buildings	TC	17,745,153	17,745,153	SH
12				263,500,000	263,500,000	
13		Contracted Out Work				
14		Surface Treatment /2	TC	226,525,000	186,312,407	FHWA/ SH/ 09-108: \$0.98M
15		Structures On-System Construction /1 /2	TC	60,980,000	50,154,864	FHWA/ SH/ 09-108: \$16.12M
16		Structures Inspection and Management /2	TC	9,080,000	7,468,123	SH
17		Geohazards Mitigation /1	TC	10,300,000	8,471,550	09-108: \$10.3M
18		Highway Safety Improvement Program	FR	42,518,853	34,970,930	FHWA / SH
19		Railway-Highway Crossings Program	FR	3,347,359	2,753,138	FHWA / SH
20		Hot Spots	TC	2,167,154	1,782,442	FHWA / SH
21		Traffic Signals /1 /2	TC	15,545,646	12,785,992	FHWA/ SH/ 09-108: \$12.6M
22		FASTER - Safety Projects	TC	62,517,819	51,419,690	09-108
23		Permanent Water Quality Mitigation	TC	6,500,000	5,346,124	FHWA / SH
24		Maintain-Related Indirects/Overhead /2			47,760,150	
25		Maintain-Related CDOT Construction Engineering /2			30,256,421	
26				439,481,831	439,481,831	
27		Capital Expenditure				
28		Road Equipment /2	TC	23,000,000	23,000,000	SH
29		Capitalized Operating Equipment	TC	3,760,247	3,760,247	SH
30		Property /2	TC	17,500,000	17,500,000	SH
31				44,260,247	44,260,247	
32			Total:	747,242,078	747,242,078	
33	Maximize - Safely Making the Most of What We Have					
34		CDOT Performed Work				
35		TSM&O: Performance Programs and Services	TC	607,619	607,619	SH
36		TSM&O Traffic Incident Management	TC	1,989,156	1,989,156	SH
37		TSM&O: ITS Maintenance	TC	25,600,000	25,600,000	SH
38				28,196,775	28,196,775	
39		Contracted Out Work				
40		Safety Education	Comb	14,861,809	12,999,382	NHTSA / SSE
41		TSM&O: Congestion Relief	TC	4,750,000	3,906,783	FHWA / SH
42		Regional Priority Program	TC	48,375,000	39,787,497	FHWA / SH
43		Road X	TC	12,096,525	9,949,157	FHWA / SH
44		ADA Compliance		10,500,000	8,636,046	FHWA / SH
45		Maximize-Related Indirect/Overhead /2			9,369,084	
46		Maximize-Related CDOT Construction Engineering /2			5,935,387	
47				90,583,334	90,583,334	
48		Capital Expenditure				
49		TSM&O: ITS Investments	TC	10,000,000	10,000,000	FHWA / SH
50				10,000,000	10,000,000	
51			Total:	128,780,109	128,780,109	
52	Expand - Increasing Capacity					
53		CDOT Performed Work				
54						
55		Contracted Out Work				
56		Strategic Projects (including I-25 North)	SL	71,100,000	58,478,367	09-228
57		National Freight Program	FR	18,481,674	15,200,817	FHWA / SH
58		Expand-Related Indirect /2			9,735,179	
59		Expand-Related CDOT Construction Engineering /2			6,167,310	
60				89,581,674	89,581,674	
61			Total:	89,581,674	89,581,674	
62	Deliver - Program Delivery/Administration					
63		Operations [including maintenance support]	TC	31,738,361	31,738,361	SH
64		Projects Initiatives	TC	2,455,000	2,455,000	FHWA / SH
65		DTD Planning and Research - SPR	FR	13,917,775	13,917,775	FHWA / SH
66		Administration (Appropriated)	SL	31,139,928	31,139,928	SH
67		HPTE Fee for Service	TC	4,774,500	4,774,500	SH
68			Total:	84,025,564	84,025,564	
69	Pass-Through Funds/Multi-modal Grants					
70		Aeronautics				
71		Division of Aeronautics to Airports	AB	18,615,000	18,615,000	SA
72		Division of Aeronautics Administration	AB	885,000	885,000	SA
73				19,500,000	19,500,000	
74		Highway				
75		Recreational Trails	FR	1,591,652	1,591,652	FHWA
76		Safe Routes to School	TC	2,500,000	2,500,000	FHWA
77		Transportation Alternatives Program	FR	12,375,268	12,375,268	FHWA / LOC
78		STP-Metro	FR	52,965,458	52,965,458	FHWA / LOC
79		Congestion Mitigation/Air Quality	FR	48,312,652	48,312,652	FHWA / LOC
80		Metropolitan Planning	FR	8,437,375	8,437,375	FHWA / FTA / LOC
81		Bridge Off-System - TC Directed	TC	3,164,139	3,164,139	FHWA / SH / LOC
82		Bridge Off-System - Federal Program	FR	6,287,340	6,287,340	FHWA / SH / LOC
83				135,633,884	135,633,884	
84		Transit				
85		Federal Transit	FR	27,463,231	27,463,231	FTA / LOC
86		Strategic Projects -Transit	SL	7,900,000	7,900,000	09-228
87		Transit and Rail Local Grants	SL	5,000,000	5,000,000	09-108
88		Transit and Rail Statewide Grants	TC	6,000,000	6,000,000	09-108
89		Bustang	TC	3,000,000	3,000,000	09-108
90		Transit Administration and Operations	TC	1,000,000	1,000,000	FTA / 09-108
91				50,363,231	50,363,231	
92		Infrastructure Bank				
93		Infrastructure Bank	TC	400,000	400,000	SIB
94			Total:	205,897,115	205,897,115	
95	Transportation Commission Contingency / Debt Service					
96		Permanent Recovery				
97		Permanent Recovery		129,500,000	106,511,232	FHWA
98		Recovery-Related Indirect/Overhead /2			14,073,254	
99		Recovery-Related CDOT Construction Engineering /2			8,915,514	
100				129,500,000	129,500,000	
101						
102		Contingency				
103		TC Contingency	TC	16,500,000	16,500,000	FHWA / SH
104		TC Program Reserve	TC	10,289,307	10,289,307	FHWA / SH
105		Snow & Ice Reserve	TC	10,000,000	10,000,000	SH
106				36,789,307	36,789,307	
107		Debt Service				
108		Strategic Projects - Debt Service	DS	-	-	FHWA / SH
109		Certificates of Participation-Property	DS	2,366,192	2,366,192	SH
110		Certificates of Participation-Energy	DS	1,056,400	1,056,400	SH
111				3,422,592	3,422,592	
112			Total:	169,711,899	169,711,899	
				1,425,238,439	1,425,238,439	

Revenue **1,425,238,439** **1,425,238,439**

/1 FASTER Safety funds (\$40.0M) were substituted for flexible funds in appropriate Asset Management Programs. Resulting available flexible funds were then added to Regional Priority Program.

/2 CE and indirects are calculated based on total programs as shown.

Flexible Funds

Key to acronyms:

LOC=Loc DS= Debt Service Covenants
SIB=St. AB=Aeronautics Board
TC=Trans FR=Federal Requirements

SH=State Highway funding
FHWA=Federal Highway
FTA=Federal Transit

SL=State Legislation
Comb=Combination
SSE=State Safety Education

09-228=Funds from HB 09-228
09-108=Funds from HB 09-108 (FASTER)
NHTSA=Nat. Hwy. Traffic Safety Administration

SA=State Aeronautics

**State Bridge Enterprise
FY 2017- 18 Proposed Annual Budget**

	Budget Category	Program Area	Directed by	FY 2017-18 Allocations	FY 2017-18 Budget	Funding Source
1	Maintain - Maintaining What We Have					
2		CDOT Performed Work				
3		Maintenance	BEB	250,000	250,000	09-108
4		Scoping Pools	BEB	750,000	750,000	09-108
5				1,000,000	1,000,000	
6		Contracted Out Work				
7		Bridge Enterprise Projects	BEB	91,095,761	74,924,492	09-108
8		Maintain-Related Indirects/Overhead /1			9,899,720	
9		Maintain-Related CDOT Construction Engineering /1			6,271,549	
10				91,095,761	91,095,761	
11			Total	92,095,761	92,095,761	
12	Maximize - Safely Making the Most of What We Have					
13		CDOT Performed Work				
14		Contracted Out Work				
15			Total	-	-	
16	Expand - Increasing Capacity					
17		CDOT Performed Work				
18		Contracted Out Work				
19			Total	-	-	
20	Deliver - Program Delivery/Administration					
21		Administration and Legal Fees		1,911,904	1,911,904	09-108
22			Total:	1,911,904	1,911,904	
23	Pass-Through Funds/Multi-modal Grants					
24		Highway				
25			Total:	-	-	
26	Transportation Commission Contingency / Debt Service					
27		Contingency				
28		Bridge Enterprise - Contingency	BEB	-	-	09-108
29						
30		Debt Service				
31		Bridge Enterprise - Debt Service	DS	18,234,000	18,234,000	FHWA / SH
32				18,234,000	18,234,000	
33			Total:	18,234,000	18,234,000	
				112,241,665	112,241,665	

/1 CE and indirects are calculated based on total programs as shown.

Revenue **112,241,665** **112,241,665**

Key to acronyms:

BEB= Bridge Enterprise Board
DS= Debt Service Covenants

**High Performance Transportation Enterprise
FY 2017- 18 Proposed Annual Budget**

	Budget Category	Program Area	Directed by	FY 2017-18 Allocations	FY 2017-18 Budget	Funding Source
1	Maintain - Maintaining What We Have					
2		CDOT Performed Work				
3		Contracted Out Work				
4			Total	-	-	
5	Maximize - Safely Making the Most of What We Have					
6		CDOT Performed Work				
7		Contracted Out Work				
8			Total	-	-	
9	Expand - Increasing Capacity					
10		CDOT Performed Work				
11		High Performance Transportation Enterprise--Maintenance	HPTEB	-	-	Tolls/Managed Lanes Revenue
12						Tolls/Managed Lanes Revenue
13		Contracted Out Work				
14		High Performance Transportation Enterprise--Projects	HPTEB	6,388,000	6,388,000	Tolls/Managed Lanes Revenue
15		Expand-Related Indirect				
16		Expand-Related CDOT Construction Engineering				
17				6,388,000	6,388,000	Tolls/Managed Lanes Revenue
18			Total	6,388,000	6,388,000	
19	Deliver - Program Delivery/Administration					
20		High Performance Transportation Enterprise--Administration and Legal Fees		4,774,500	4,774,500	Fee for Service
21			Total:	4,774,500	4,774,500	
22	Pass-Through Funds/Multi-modal Grants					
23		Highway				
24			Total:	-	-	
25	Transportation Commission Contingency / Debt Service					
26		Contingency				
27		Debt Service				- Fee for Service
28			Total:	-	-	
				11,162,500	11,162,500	

Revenue **11,162,500** **11,162,500**

Key to acronyms:

HPTEB=High Performance Transportation Enterprise Board

HPTE Fee For Service Revenue & Allocation Adjustment **(4,774,500)** **(4,774,500)**

Total Consolidated Allocations **1,543,868,103** **1,543,868,104**

Total Consolidated Revenue **1,543,868,103** **1,543,868,103**

**Resolution # TC-
RESOLUTION FOR THE FY 2017-2018 PROPOSED ANNUAL BUDGET**

WHEREAS, in accordance with § 43-1-113 (2), C.R.S. (2016) requires the Transportation Commission to submit a draft budget allocation plan for moneys subject to its jurisdiction for the fiscal year beginning on July 1, 2017 to the Joint Budget Committee, the House Transportation and Energy Committee, the Senate Transportation Committee and the Governor on or before December 15, 2016 for their review and comments; and

WHEREAS, in November 2010, the Transportation Commission adopted TC Resolution #TC-1925 approving the policy of transferring federal bridge funds from CDOT to the Colorado Bridge Enterprise for purposes of advancing the business purposes of the Colorado Bridge Enterprise; and

WHEREAS, requested by the CDOT Executive Director, the reallocation of \$15 million (\$15,000,000) of eligible federal bridge funds from CDOT to Colorado Bridge Enterprise has been suspended, per Transportation Commission wishes, and is reflected in the approved CDOT and Colorado Bridge Enterprise Fiscal Year 2017-2018 budgets; and

WHEREAS, FY 2017-2018 revenue forecasts are based on current federal appropriation guidelines, which may change by July 1, 2017; and

WHEREAS, the Transportation Commission has the statutory authority to alter the FY 2017-2018 proposed budget allocation plan before and/or after it is delivered to the Governor on April 15, 2017; and

NOW THEREFORE BE IT RESOLVED, that the Colorado Department of Transportation's proposed budget allocation plan for the period of July 1, 2017 through June 30, 2018 is adopted by the Transportation Commission and forwarded to the Joint Budget Committee, the House Transportation and Energy Committee, the Senate Transportation Committee and the Governor on or before December 15, 2016 for their review and comment.

Transportation Commission Secretary

Date

