



MEMORANDUM

TO: THE TRANSPORTATION COMMISSION
FROM: JEFF SUDMEIER, CDOT CHIEF FINANCIAL OFFICER
JOSHUA LAIPPLY, CDOT CHIEF ENGINEER
DATE: JANUARY 18, 2018
SUBJECT: FISCAL YEAR 2017 REPORTING REQUIREMENT – C.R.S. 43-1-123(3)(a) and (b)

Purpose

The purpose of this memorandum is to meet the requirements of Colorado Revised Statute 43-1-123(3) that requires the Department report to the Transportation Commission the percentages and total amount of money expended during the preceding fiscal year.

Action

The TC is not being asked for any action on this memorandum, it is being furnished as informational only.

Background

Colorado Revised Statute 43-1-123(3) (a) and (b) specifically requires that the Department report the following:

- (a) Payments to private sector contractors for work on transportation projects; and
- (b) Total transportation project costs for projects completed by department employees, including indirect cost recoveries and employee salaries.

Methodology and Assumptions

As the statutory language was not explicit in its intent regarding the required reporting, the Department made the following assumptions related to the reported data below.

The figure reported below for (a) Payments to private sector contractors for work on transportation projects includes all project spending related work completed by private contractors.

The Department also made several assumptions for the figure (b) Total transportation project costs for projects completed by department employees, including indirect cost recoveries and employee salaries as the Department's projects are generally not completed by department employees. The Department advertises and awards construction projects to private sector contractors that are responsible to complete the projects according to State and Federal requirements. The employees of the CDOT provide oversight to the construction program and construction projects. The figure reported below includes all costs charged to transportation projects, including payments to contractors noted in (a), payments to consultants, indirect costs recoveries, payments for Department staff salary and benefits, right of way, and other related costs.



Report Details

Therefore, based on the previously described methodology, the amounts being reported to the TC for FY2016-2017 are:

Colorado Revised Statute 43-1-123(3)(a)

For Fiscal Year 2017, the Colorado Department of Transportation made payments of \$680,857,577 (or 66.8% of the total) to private sector contractors for work on transportation projects.

Colorado Revised Statute 43-1-123(3)(b)

The total transportation project costs for Fiscal Year 2017, including indirect cost recoveries and employee salaries, was \$1,018,877,463.

Below is a table that breaks down this figure into major groupings of project expenditures.

Fund 400, Direct to Project Costs FY 2017:			Amount	Percentage
Salaries & Benefits - Direct to project costs			\$ 20,931,755	2.1%
General Project Disbursements:			\$ 151,039,909	14.8%
	Project Consultants	\$ 112,742,875		
	Devolutions, IT Hardware, IT software, all other general project costs	\$ 38,297,034		
Contractor Payments			\$ 680,857,577	66.8%
Right-Of-Way			\$ 16,230,621	1.6%
Indirect Project Cost Allocations			\$ 91,896,182	9.0%
Project Construction Engineering Costs Allocations			\$ 57,921,419	5.7%
TOTAL			\$ 1,018,877,463	100%





MEMORANDUM

TO: THE TRANSPORTATION COMMISSION
FROM: JEFF SUDMEIER, CDOT CHIEF FINANCIAL OFFICER
DATE: JANUARY 18, 2018
SUBJECT: FUND 400 CASH BALANCE – INFORMATIONAL MEMORANDUM

Purpose

The purpose of this memorandum is to summarize information related to the Cash Balance Threshold Policy for the period ending November 2017 for Fund 400 only.

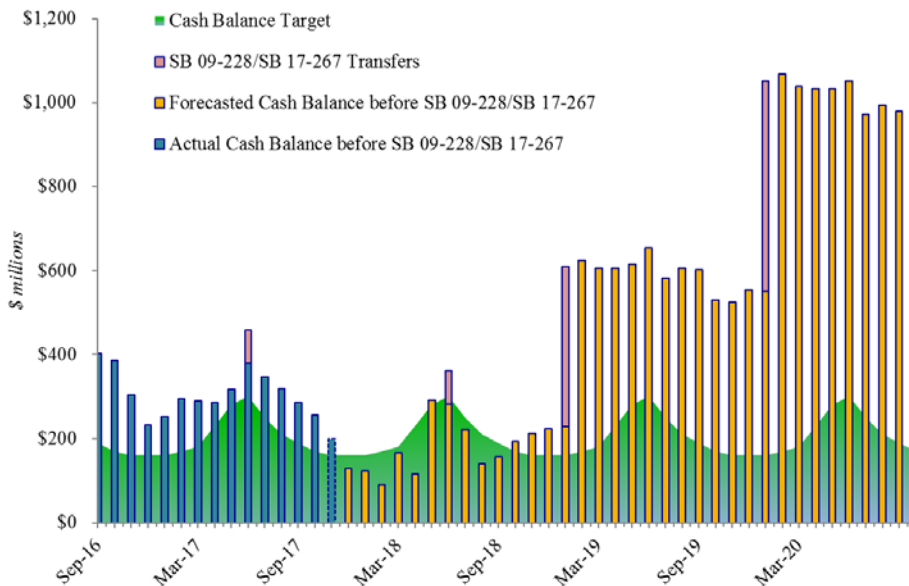
Action

No action is requested or required of the Transportation Commission regarding this item.

Summary

The total cash balance in Fund 400 (Construction) at month end December 2017 was \$199 million, versus a forecasted amount for this month of \$174 million. The cash balance is \$25 million above the forecasted amount, and \$39 million above the TC minimum cash balance target of \$160 million set for this period. Contractor project expenditures for CY 2017 are expected to be around \$627 million, based on 11 months of actual expenditures and of forecast data provided by the Program Management Office (PMO). Staff will continue to monitor risk item(s) as more project data is validated and the draft CY 2018 expenditure target of \$596 million is refined. Figure 1 below depicts the projected cash balance forecast against the cash balance targets (green area). Expenditures reflected in Figure 1 are for projects that have already been advertised or awarded, or which will advertise in CY 2018. As such, at this time the forecast does not include planned Senate Bill (SB) 267 expenditures or additional project advertisements in CY 2019-2020, resulting in the high cash balances reflected.

Figure 1 – Fund 400 Cash Balance Forecast with SB 17-267 Proceeds



Forecast Model Parameter Updates

State and Federal Revenues: CDOT received the next round Federal Limitation through January 19, 2018 in the amount of \$55 million. Of that, \$8.4 million is transferred to other agencies. Staff is in the process of obligating the remaining \$47 million so CDOT can resume billing FHWA and waiting for reimbursements. For modeling purposes, staff has assumed additional Federal Limitation disbursement of around \$450 million, to be disbursed over the remaining Federal Fiscal Year. Staff is currently assuming the receipt of SB 267 proceeds beginning in January 2019. See Table 1 for summary of those distribution amounts. Note: Any delay in receiving SB 17-267 or Federal funds will result in a reduction of cash in Fund 400.

Table 1 – SB 17-267 Forecasted Receipts and Disbursements

<i>\$ Millions</i>	<i>Forecast</i>	<i>Advertisements</i>	<i>Debt Service*</i>
FY 2018 – 19	\$380	\$380	\$29
FY 2019 – 20	\$500	\$500	\$50
FY 2020 – 21	\$500	\$500	\$50
FY 2021 – 22	\$500	\$500	\$50
Total:	\$1.880.0	\$1.880.0	\$179

*This only includes four years of debt service, not the total

Fund 400 Expenditures: Staff will continue monitoring the expenditure plans for large projects such as Central 70, I-25 North, I-25 South, C-470, and the Headquarters and Regional Office projects. The total CDOT expenditure forecast is compiled by the PMO and validated using the CDOT Contract Payout Model. The estimated expenditures through Fund 400 in CY 2018 are currently \$596 million. PMO is currently working on reviewing and validating project information and refining the expenditure target to align with cash thresholds. See Table 2 for a summary. Expenditures reflected in Figure 1 and in Table 2 are for projects that already have been advertised or awarded, or which will advertise in CY 2018. As such, at this time the forecast does not include planned SB 267 expenditures or additional project advertisements in CY 2019-2020.

Table 2– Fund 400 Forecasted Expenditures under Existing and New Construction Contracts**

<i>SAP Expenditure Schedule</i>		<i>2015 Actual</i>	<i>2016 Actual</i>	<i>2017 Forecast</i>	<i>2018 Forecast</i>	<i>2019 Forecast</i>	<i>2020 Forecast*</i>
PMO	Grade A	\$697,910,724	\$668,627,176	\$625,700,000	\$596,200,000	\$289,000,000	\$63,900,000
PMO	Grade B	\$0	\$0	\$0	\$0	\$0	\$0
OCM	Grade C	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures		\$697,910,724	\$668,627,176	\$625,700,000	\$596,200,000	\$289,000,000	\$63,900,000
Year Over Year % Change			-4.20%	-6.42%	-4.71%	-51.53%	-77.89%

* Through the end of November

**This includes only Fund 400 expenditures. It excludes Bridge enterprise projects. The Grade A expenditure category is SAP project expenditure data reviewed and validated by PMO. Grade B is PMO un-reviewed project data. Grade C is the expenditure schedule that is set by the forecast model to keep within the approved target thresholds of PD703.0.

Next Steps

Staff will continue monitoring the cash balance, and report significant changes in the forecast to the Transportation Commission. A Transportation Commission workshop to review the recommended CY 2018 expenditure target is planned for February.





COLORADO
Department of Transportation
Office of the Chief Engineer

4201 East Arkansas Avenue, Room 262
Denver, CO 80222

DATE: JANUARY 18, 2018
TO: TRANSPORTATION COMMISSION
FROM: JOSH LAIPPLY, CHIEF ENGINEER
JEFF SUDMEIER, CHIEF FINANCIAL OFFICER
JANE FISHER, OFFICE OF PROGRAM MANAGEMENT DIRECTOR
SUBJECT: PROGRAM MANAGEMENT INFORMATION ITEM

Purpose

The Program Management Information Item provides the Transportation Commission with an update on the integration of cash management and program management and RAMP.

Action

Information only.

Background

Integration of Cash Management and Program Management:

Please see Fund 400 Cash Balance Memo included as a separate information item.

RAMP:

The RAMP program was initiated in November 2012 as a means to reduce the cash balance. Shortly thereafter the TC approved a project list and has since approved groups of projects and individual projects. Given the majority of the RAMP projects are either in construction or complete, PMO updates are now limited to background associated with requested TC actions. There is one RAMP related request this month.

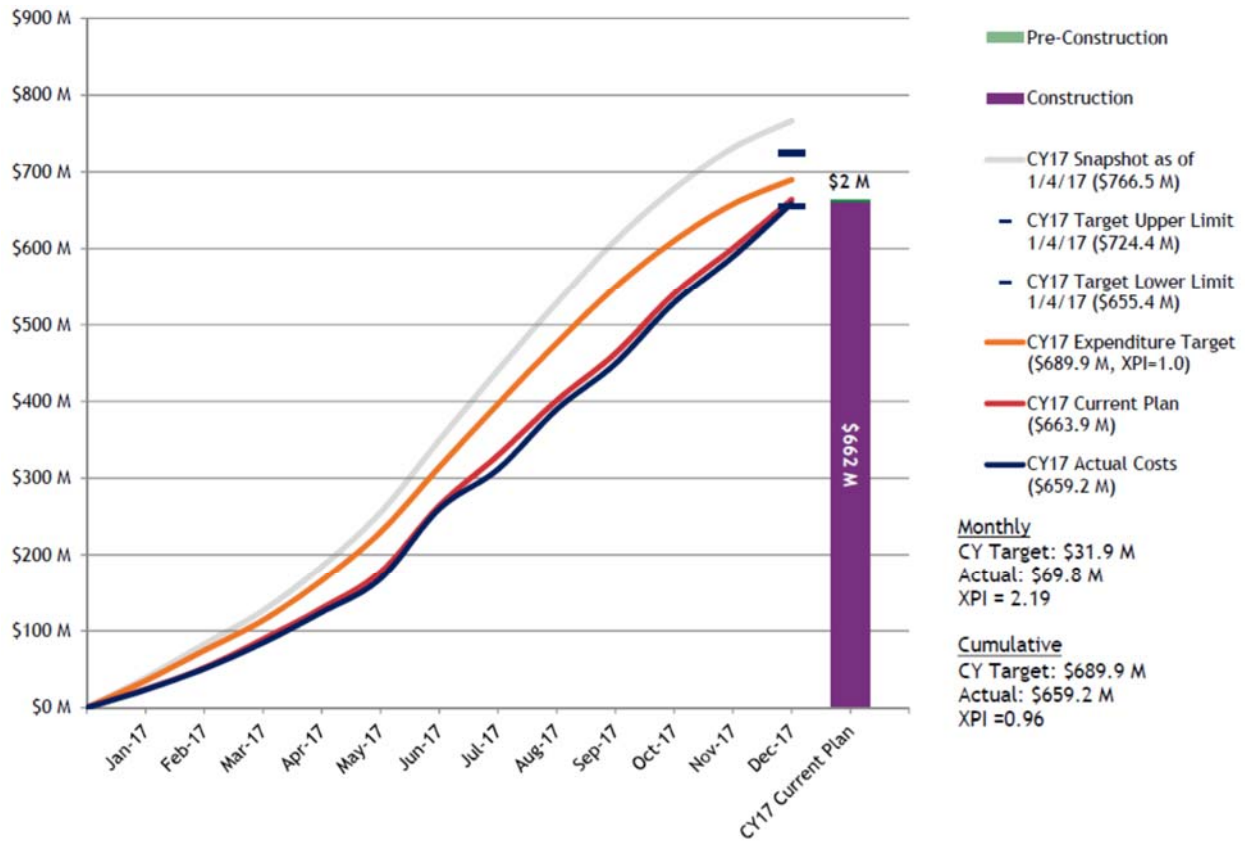
Details

Integration of Cash Management and Program Management:

PMO is tracking program delivery at the statewide level using the expenditure performance index (XPI) to evaluate actual construction expenditure performance as compared to planned. As indicated in Figure 1, the cumulative and final Calendar Year 2017 XPI is 0.96, which has increased 0.06 from last month. December's actual expenditures were \$37.9M above the expenditure target (Monthly XPI = 2.19). As indicated in Figure 1, CY17 expenditures did fall within the +/-5% range of the CY17 Target.



Figure 1. Calendar Year 2017 Construction Expenditure Results



RAMP:

Table 1 details RAMP Partnership and Operations projects (CDOT & Locally Administered) that have not yet been awarded. As detailed in the Budget Supplement, TC approval for \$14.5M to fund ROW acquisitions for North I-25 segment 7 and 8 project is requested to come from the HPTE P3 Development Fund. If approved, this would reduce the HPTE P3 Development Fund balance to \$21,936,140 as reflected in the Table below. The remaining TC Contingency RAMP Reserve and RAMP Operations Contingency are \$0 and \$315,615, respectively.



Project Name	Project Budget	RAMP Request	Local Contribution	Other CDOT Funds	Status
CDOT ADMINISTERED					
I-70 Glenwood Canyon Variable Speed Limit Signing	\$5,600,000	\$2,200,000	\$0	\$3,400,000	Ad in Feb '18 ⁴
I-70 Mountain Corridor Wireless Improvement	\$5,300,000	\$1,700,000	\$0	\$3,600,000	Ad in Apr '18
HPTE P3 Development Fund	\$40,000,000	\$21,936,140 ¹	\$0	\$0	Under Staff Development
LOCALLY ADMINISTERED					
SH 14 / Greenfields Ct. - Frontage Rd. Relocation and Intersection Improvements	\$2,100,000	\$1,680,000	\$420,000	\$0	Ad in Nov '17
SH 119 Boulder Canyon Trail Extension	\$5,466,350	\$4,373,080	\$1,093,270	\$0	Ad in March '18 ³
Federal Blvd: 6 th to Howard Reconstruction and Multimodal Improvements	\$29,181,821	\$23,341,821	\$5,840,000	\$0	Ad in Feb '18 ²

¹ This total represents the remaining RAMP Development funding still available. Staff has prepared a HPTE Development Fund Policy and Evaluation Criteria guidance document.

² IGA, Utility Clearance delayed Ad; ³ Scope reduction approved by TC, Locals pursuing a COSPR before project advertisement; ⁴ initial Ad had only one bidder, was pulled and now getting constructability review before re-advertisement

Attachments

1. I-25 North RAMP Memo





COLORADO

Department of Transportation

Region 4

10601 West 10th Street
Greeley, CO 80634
(970) 350.2103 (Fax) (970) 350.2181

MEMORANDUM

DATE: JANUARY 18, 2017
TO: TRANSPORTATION COMMISSION
CC: JOSH LAIPPLY, CHIEF ENGINEER; JEFF SUDMEIER, CHIEF FINANCIAL OFFICER
JANE FISHER, PMO DIRECTOR
FROM: JOHNNY OLSON, REGION 4 TRANSPORTATION DIRECTOR

SUBJECT: HPTE DEVELOPMENT FUND REQUEST FOR NORTH I-25 EXPRESS LANES

Purpose

Region 4 is requesting additional funding to facilitate award of the design/build contract for the North I-25 Express Lanes project (Johnstown to Fort Collins a.k.a. Segments 7 & 8).

Action

Per P.D. 703, staff is requesting Transportation Commission (TC) approval for HPTE Development Fund - Funding to facilitate award of the design/build contract for North I-25 Express Lanes project. Approval of funding will ensure TIGER funds are spent for construction elements as detailed in the grant application.

Background

The North I-25 Express Lanes project (Johnstown to Fort Collins) cost for procurement, design, right-of-way (ROW), and construction was estimated at \$305.9 million dollars. This included \$231 million dollars as the guaranteed maximum price (GMP) for the construction elements. As part of an extensive procurement process, technical proposals were submitted at the end of July. When bids were opened in August it was revealed that the project, including all scope elements committed to local partners who have contributed \$56M, could not be delivered for the GMP. CDOT entered into a three month best and final offer (BAFO) process. New technical proposals were submitted and BAFO bids from all three teams were opened on November 17th. The best value process integrating technical score and price resulted in the selection of the Kraemer/IHC joint venture team (KIHC). The GMP is \$262,387,000 which correlates with a \$31,387,000 shortfall in construction funding. Through the course of procurement ROW costs have increased an additional \$1.7M. With the overall program cost increasing between construction and ROW, our Construction Engineering and Indirects have also increased by \$2.14M. This leaves a funding gap of \$35,227,441.

The I-25 Design Build Team has been working closely with KIHC to find opportunities to lower construction costs by reducing risk items in their BID and making minor scope modifications (i.e. Utilizing Loveland Residency as the project office). Additionally, we have captured a number of alternative technical concepts (ATC's) from the non-successful proposers that would provide construction savings. Through these negotiations CDOT was able to reduce funding gap by \$11,476,528, leaving a remaining funding need of \$23,750,912.

- Total Funding Gap \$35,227,441



- Contractor Negotiations (\$11,476,528)
- Bridge Enterprise (\$9,250,912)*
- Total Need Remaining \$14,500,000

*Bridge Enterprise funding is currently under eligibility review for Prospect Bridge and Hillsborro Bridge, however we are anticipating \$8 - \$10M in eligible items; therefore \$14,500,000 is being requested at this time.

Details

The North I-25 DB Express Lanes project key features will:

- Increase capacity by adding a 14 mile Express Lane in both directions, replace four aging bridges (including Cache La Poudre River), and widen four additional structures.
- Improve multi-modal access to regional transit to promote mode shift.
- Improve bus service performance and reduce each total trip time by 15 minutes by adding new bus slip ramps to the Park-n-Ride.
- Create new pedestrian, bicycle access under I-25 at Kendall Parkway.
- Connect the 34.4 miles of the Cache la Poudre River Regional Trail under I-25 and network to 100 miles of total trails. It will also serve as a wildlife corridor.
- Reconstruct the SH402 and Prospect Interchanges.

RAMP HPTE Development Funds have been intergal to funding of the I-25 corridor with contributions to date totaling \$10.64 million dollars.

Key Benefits

Continuing project delivery of North I-25 Express Lanes project will provide key benefits including:

- Ensure the integrity of the procurement process and project investments to date
- Maintain the preferred selected proposers/contractors schedule and pricing to date
- Meet the commitments to TIGER grantors, and Local parties

Options

1. Approve \$14.5 million dollars in HPTE Development funds to facilitate award of the design/build contract. (Staff Recommendation)
2. Reduce significant project scope which would have political ramifications given logical reductions would include project elements partially funded by local contributions.
3. Request additional information related to this request.

Next Steps

Upon approval of the funding request, the Region will complete the necessary steps to proceed toward award of the design/build contract.

