



MEMORANDUM

TO: THE TRANSPORTATION COMMISSION
FROM: JEFF SUDMEIER, CDOT CHIEF FINANCIAL OFFICER
DATE: MARCH 15, 2018
SUBJECT: FY 2018-19 FINAL ANNUAL BUDGET

Purpose

This memorandum presents the Fiscal Year (FY) 2018-19 Final Annual Budget and summarizes line item changes that have occurred since the proposed budget was presented to the Transportation Commission (TC) in February 2018.

Action

This month, the TC is being asked to review and adopt the FY 2018-19 Final Annual Budget (see Attachment A) through resolution (see Attachment B) prior to submission to the Governor for approval on or before April 15, 2018.

Background

Prior to adopting the final budget each spring, the TC reviews and adopts the Department's Proposed Budget each fall. In November 2017, the TC was presented with the FY 2018-19 Proposed Annual Budget in the official format required by the Office of State Budget and Planning (OSPB) and the Joint Budget Committee (JBC). It was reviewed and adopted by the TC for submission to OSPB and the JBC.

FY 2018-19 Final Annual Budget highlights that have been previously discussed with the TC include:

- A balanced budget;
- A \$380.0 million transfer due to Senate Bill (SB) 17-267, based on current statute. This transfer is reflected in the strategic projects (line 63) and transit projects (line 99) line items within the budget. As outlined in the legislation, 10% of the anticipated funds are allocated to transit projects. The transfer allocations were presented to the TC in February 2018 during the Budget Workshop portion of the TC agenda;
- A \$28.5 million allocation (line 125) for the FY 2018-19 SB 17-267 debt service payment. This allocation is likely to be lower than budgeted, however, the department will not receive confirmation until after the FY 2018-19 Final Annual Budget is approved by the TC.

DAF will continue to review forecasted revenue on a regular basis, updating the TC on budget allocations as needed for FY 2018-19;

Additionally, there have been two changes to the budget since the February TC meeting:

- **Administration (Line 74):** The Administration line has increased by \$308,840 due to two Common Policy increases from the Department of Administration and Personnel (DPA): 1) Risk Management (i.e. property insurance) increased by \$292,350 from the February 2018 TC Workshop, and 2) CORE payments to the Governor's Office of Information and Technology (OIT) increased by \$16,490. Both



items were approved by the JBC, and subsequently, CDOT's Administration line was increased to accommodate the requests.

- **Capitalized Operating Equipment (Line 31):** increased by \$80,000 to fully cover the EMT-approved decision items from February. From the November proposed budget, staff has reduced the Capitalized Operating Equipment line by \$732,247.
- **TC Program Reserve (Line 120):** To correspond with the Administration and Capitalized Operating Equipment line increases, the TC Program Reserve line has decreased by \$388,840.

Options and Recommendation

1. Adopt the FY 2018-19 Final Annual Budget by resolution (see Attachment B) - STAFF RECOMMENDATION;
2. Request additional changes to FY 2018-19 Final Annual Budget prior to review and adoption;
3. Do not approve the FY 2018-19 Final Annual Budget.

Next Steps

Upon adoption, the FY 2018-19 Final Annual Budget will be delivered to the Governor for approval on or before April 15, 2018. As in previous years, the budget may be updated to include revised Common Policy and legislatively appropriated changes.

The FY 2018-19 Narrative Budget, submitted to the Governor's Office, will be changed accordingly after TC adoption of the Final Annual Budget. A final version of the Narrative Budget will be available online in July 2018.

Attachments

Attachment A: FY 2018-19 Final Annual Budget

Attachment B: FY 2018-19 Budget Resolution



**Colorado Department of Transportation
Attachment A: FY 2018 - 19 Final Annual Budget**

CDOT	Budget Category		Directed By	FY 2018-19 Budget	Funding Source
1	Maintain - Maintaining What We Have				
2		CDOT Performed Work			
3		Roadway Surface	TC	37,487,230	
4		Roadside Facilities	TC	25,002,562	
5		Roadside Appearance	TC	10,964,746	
6		Structure Maintenance	TC	6,311,352	
7		Tunnel Activities	TC	6,141,692	
8		Snow and Ice Control	TC	82,553,949	
9		Traffic Services	TC	68,365,868	
10		Planning and Scheduling	TC	17,761,243	
11		Material, Equipment and Buildings	TC	18,211,358	
12					
13					
14					
15		Contracted Out Work			
16		Surface Treatment /1 /2	TC	225,400,000	FHWA/ SH/ 09-108: \$0.98M
17		Structures On-System Construction /1 /2	TC	37,410,000	FHWA/ SH/ 09-108: \$16.12M
19		Geohazards Mitigation /1	TC	8,400,000	09-108: \$10.3M
20		Highway Safety Improvement Program	FR	43,054,370	FHWA / SH
21		Railway-Highway Crossings Program	FR	3,395,698	FHWA / SH
22		Hot Spots	TC	2,167,154	FHWA / SH
23		Traffic Signals /1 /2	TC	16,272,823	FHWA/ SH/ 09-108: \$12.6M
24		FASTER - Safety Projects	TC	67,360,121	09-108
25		Permanent Water Quality Mitigation	TC	6,500,000	FHWA / SH
26					
27					
28					
29		Capital Expenditure			
30		Road Equipment /1 /2	TC	26,800,000	SH
31		Capitalized Operating Equipment	TC	3,028,000	SH
32		Property /1 /2	TC	20,200,000	SH
33					
34					
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Flexible Funds

/1 FASTER Safety funds (\$40.0M) were substituted for flexible funds in appropriate Asset Management Programs.

Revenue 1,624,081,238

Key to acronyms:

LOC=Local Matching Funds
SIB=St. Infrastructure Bank Interest
TC=Transportation Commission

DS= Debt Service Covenants
AB=Aeronautics Board
FTA=Federal Transit Administration

SH=State Highway funding
FHWA=Federal Highway Administration
FR=Federal Requirements

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

**State Bridge Enterprise
Attachment A: FY 2018 - 19 Final Annual Budget**

State Bridge	Budget Category	Program Area	Directed By	FY 2018-19 Budget	Funding Source
1	Maintain - Maintaining What We Have				
2		CDOT Performed Work			
3					
4		Maintenance	BEB	300,000	09-108
5		Scoping Pools	BEB	350,000	09-108
6		Bridge Preservation		100,000	
7				750,000	
8		Contracted Out Work			
9		Bridge Enterprise Projects	BEB	95,596,000	09-108
10				95,596,000	
11					
12				Total:	96,346,000
13	Maximize - Safely Making the Most of What We Have				
14		CDOT Performed Work			
16					
17		Contracted Out Work			
19					
20					
21					
22				Total:	
23	Expand - Increasing Capacity				
25		CDOT Performed Work			
26		Contracted Out Work			
28					
29					
30				Total:	
31	Deliver - Program Delivery/Administration				
32					
33		Administration and Legal Fees		1,660,000	09-108
34					
35				1,660,000	
36					
37				Total:	1,660,000
38	Pass-Through Funds/Multi-modal Grants				
39		Highway			
41					
42					
43				Total:	
44	Bridge Enterprise Contingency / Debt Service				
45		Contingency			
46		Contingency	BEB		09-108
47					
48		Debt Service			
49		Debt Service	BEB	18,234,000	FHWA/SH
50					
51				18,234,000	
52					
53				Total:	18,234,000
				116,240,000	

Revenue **116,240,000**

Key to acronyms:

BEB= Bridge Enterprise Board

DS= Debt Service Covenants

**High Performance Transportation Enterprise
Attachment A: FY 2018 - 19 Final Annual Budget**

HPTE	Budget Category	Program Area	Directed By	FY 2018-19 Budget	Funding Source
1	Maintain - Maintaining What We Have				
2		CDOT Performed Work			
3					
4		Contracted Out Work			
5					
6					
7				Total:	
8	Maximize - Safely Making the Most of What We Have				
9		CDOT Performed Work			
11					
12		Contracted Out Work			
14		Property			
15					
16				Total:	
17	Expand - Increasing Capacity				
18		CDOT Performed Work			
19		Maintenance	HPTEB		Tolls/Managed Lanes Revenue
20					
21					
22		Contracted Out Work			
23		Express Lanes Operations	HPTEB	10,942,648	Tolls/Managed Lanes Revenue
24					
25				10,942,648	
26					
27				Total:	10,942,648
28	Deliver - Program Delivery/Administration				
29					
30		Administration and Legal Fees		5,194,500	Fee for Service
31					
33				5,194,500	
34					
35				Total:	5,194,500
36	Pass-Through Funds/Multi-modal Grants				
37		Highway			
38					
39					
40				Total:	
41	HPTE Contingency / Debt Service				
42		Contingency			
43					
44		Debt Service			
45					Fee for Service
46					
47				Total:	
				16,137,148	

Revenue **16,137,148**

Key to acronyms:

HPTEB=High Performance Transportation Enterprise Board

HPTE Fee For Service Allocation Adjustment **(5,169,500)**

Total Consolidated Allocations **1,756,458,386**

Total Consolidated Revenue **1,756,458,386**

Resolution # TC-

RESOLUTION FOR THE FISCAL YEAR 2018-19 ANNUAL BUDGET

WHEREAS, C.R.S. § 43-1-113 (2) 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, 2018 to the Joint Budget Committee, the House Transportation and Energy Committee, the Senate Transportation Committee and the Governor on or before December 15, 2017 for their review and comments; and

WHEREAS, C.R.S. § 43-1-113(9)(c) requires the Transportation Commission adopt a final budget allocation plan, which shall upon approval by the Governor constitute the budget for the Department of Transportation for Fiscal Year 2018-19; and

WHEREAS, the chart below shows the baseline Fiscal Year 2018-19 budget recommendations for Asset Management:

Asset Class	FY 2018-19 (millions of \$)
Surface Treatment	\$225.4
Bridge, BE and Bridge Fixed Costs	\$142.5
MLOS	\$272.8
Buildings	\$20.2
Culverts	\$7.6
Tunnels	\$8.4
ITS	\$23.5
Road Equipment	\$26.8
Geohazards	\$8.4
Walls	\$4.6
Traffic Signals	\$14.8
TOTAL	\$755.0

WHEREAS, under Policy Directive 703.0, those Asset Management programs with Transportation Commission approved metrics shall rely on statewide asset management models to develop their projects lists and those without approved metrics shall provide project lists to the Transportation Commission; and

WHEREAS, the Fiscal Year 2018-19 budget allocation plan contains funding requests from Colorado Department of Transportation Divisions to increase program allocations from the Fiscal Year 2017-18 budget allocation plan; and

WHEREAS, these funding requests are included within the Fiscal Year 2018-19 budget allocation plan; and

WHEREAS, Senate Bill 17-267 is expected to create upwards of \$1.88 billion in funding for transportation beginning in FY 2018-19; and

WHEREAS, \$380.0 million of Senate Bill 17-267 proceeds are allocated to Strategic Projects in the FY 2018-19 budget; and

WHEREAS, the Transportation Commission has authorized a Program Reserve line item in the Fiscal Year 2018-19 budget allocation plan for future Division funding requests; and

WHEREAS, Fiscal Year 2018-19 revenue forecasts are based on current federal appropriation guidelines, which may change by July 1, 2018; and

WHEREAS, the Transportation Commission has the statutory authority to alter the Fiscal Year 2018-19 proposed budget allocation plan before and/or after it is delivered to the Governor on April 15, 2018.

NOW THEREFORE BE IT RESOLVED, that the Colorado Department of Transportation's budget allocation plan for the period of July 1, 2018 through June 30, 2019, including \$755.0 million allocated to Asset Management Programs as indicated above, is approved by the Transportation Commission for submittal to the Governor on or before April 15, 2018.

Herman Stockinger, Secretary
Transportation Commission of Colorado

Date