

Responsible Acceleration of Maintenance and Partnerships **(RAMP)**

Frequently Asked Questions:

1. How will this actually work, and will it follow the current STIP?

First, it is important to note that all projects in the current Statewide Transportation Improvement Program (STIP- Colorado’s list of “planned for” for projects over the next several years) will be honored, and in some cases the projects may be accelerated or even expanded in scope.

Second, the STIP reflects when funds will be budgeted to a project, and is not reflective of what year the project will actually be started or completed. By moving to an expenditure-based STIP, CDOT engineers and financial experts will predict how much each project in the STIP will spend each year. For instance, a \$10 million interchange project may currently be budgeted in the STIP like this:

FY 2013: \$5 million budgeted
FY 2014 \$5 million budgeted

That project may go to advertisement in late FY 2014 (and expend only a small amount of funds), be in full construction in FY 2015, and finish up the project in FY 2016. The new expenditure-based STIP will look like this for the project:

FY 2014: \$1 million expended
FY 2015: \$7 million expended
FY 2016: \$2 million expended

With a greater emphasis on planning for expenditures, the \$5 million that would have been budgeted, but not spent, in FY 2013 is “freed up” and can be utilized on projects ready for construction in FY 2013. An additional \$5 million can also be freed up in FY 2014. Only in FY 2015 does this project require its first \$1 million expenditure. That expenditure can be made from other projects that have been budgeted but are not ready for construction. Across hundreds of projects over a 5-8 year program period, the power of expenditure management will create a substantial one time investment in transportation.

2. Under what legal authority is this program being created and implemented?

CDOT’s management and Transportation Commission have the authority to make these types of funding decisions. The objective is to improve our financial management to allow for the delivery of transportation improvements for the state of Colorado as expeditiously as possible. This concept simply rearranges the process by committing funds to the year in which expenditures will actually occur.

3. What other alias does this have?

This effort has been called by several different terms, including Cash Management, Accelerated Program Delivery, Advanced Budgeting, and Project Expenditure Forecasting. Each of those terms captures a piece of the entire issue.

4. Where do RAMP program resources come from?

CDOT is using existing funds to make this program possible. The funds to make this program possible are currently directed to projects that are not yet ready to utilize the available funds. CDOT will direct those funds to projects that are ready to go and fund projects in the year they are expected to expend the funds. This one-time permanent change in CDOT's process for budgeting and expending funds is what provides us the ability to temporarily expand our program.

5. Aren't the funds designated under RAMP already "spent"?

No. CDOT's finances are tightly controlled by both our Systems Applications and Products (SAP) accounting system and Colorado's statewide accounting system to ensure that funds cannot be spent twice. Before a contract can be advertised, there is a systematic check to ensure that there will be appropriate levels of funding to pay the contractor when the time comes. At the award of a contract, the funds will be "encumbered," or reserved, in the year that the payments will be made and cannot be used for any other purpose.

In addition, CDOT is in the process of developing a methodology to help project cash needs and usage plans before information is entered into the accounting system. This will ensure that we are looking ahead and managing funds in a proactive and responsible manner. If at any time reserves are projected to be below an acceptable level, project design and bidding can be slowed to maintain required reserves.

6. How can CDOT deliver 50% more with current staff resources?

CDOT will continue to contract with consultants, likely increasing their usage. We will also evaluate and adjust staff roles and responsibilities to meet this increased demand. Decisions related to these adjustments cannot be finalized until we've defined the program concretely. In the meantime, discussion will be ongoing among our staff to determine how best to accomplish the objectives.

7. Is there going to be equity in the distribution of funds across the state? Will Resource Allocation formulas apply to these funds?

Any funds allocated will be based on selection criteria to be approved by the Transportation Commission after review by the STAC. Existing Resource Allocation formulas help determine how much money in our base program will reach various parts of the state and in what form

(surface treatment, safety projects, etc.). While these existing formulas will not be rigidly applied to these accelerated funds, there are substantial needs across the state. Our expectation is that the benefits of these projects will touch all across Colorado.

8. Who will decide the criteria that the selection of projects will be based on? Who will choose the projects?

CDOT staff is developing a draft set of criteria for project selection. Those criteria will be reviewed by STAC and presented to the Transportation Commission for approval. Following approval, CDOT region staff will determine which projects meet the selection criteria and will work with CDOT management and regional planning and project partners to prioritize and select the projects. Projects will be provided to the Transportation Commission to ensure projects meet the established selection criteria. The Asset Management Fund will rely heavily on CDOT’s objective to make capital investments that minimize long term life cycle costs and improve safety. For the Transportation Partnership Fund, potential public and private financing partners will work with CDOT staff to determine project eligibility after criteria has been finalized.

9. Are we going to honor the Statewide Long-Range Transportation Plan?

Candidate projects that are not currently in the STIP must be consistent with the Long-Range Transportation Plan and included in the STIP applicable at the time the project is ready.

10. How will this affect processes with TPRs and STAC?

Discussions with TPRs and STAC will continue to address the change in STIP format to reflect year of expenditure rather than budget year. This re-alignment of projects to year of expenditure will allow additional projects to be funded in the near term. Policies and program level allocations will be discussed with STAC to provide input to the Transportation Commission. Projects that require STIP amendments will follow the required public involvement processes and must be consistent with the Statewide Long-Range Transportation Plan. CDOT staff will continue to work with TPRs to prioritize local area transportation needs.

11. Does the “color” of money matter for this program?

Yes. Some state and federal funds, like the state gas tax going to CDOT, are flexible, while other funds, such as state FASTER Bridge funds have dedicated purposes that are not changed with this program. One initial check on project eligibility will be an analysis of the type of funds available for expenditure in each year, and whether a proposed project can utilize those particular available funds.

12. What types of projects are eligible for these funds?

A project that is in the current STIP can be accelerated to start in an earlier year if it is “ready to go”. Other projects that are not in the current STIP must meet minimum eligibility criteria to be considered as a candidate project for evaluation. The eligibility criteria are expected to include:

Safety People Integrity Customer Service Excellence Respect

- Specific program criteria to be determined by the Transportation Commission
- Consistency with the Statewide Long-Range Transportation Plan
- Ability to complete construction within 5 years (December 2017), including applicable project development process (i.e. NEPA, TIP, STIP, etc.)

13. Is CDOT maintenance equipment eligible for RAMP program resources?

Yes. Because RAMP is focused on capital investment, CDOT’s maintenance equipment is currently being discussed for RAMP eligibility with the Transportation Commission. A small amount of additional investment in this area can yield great results. We are also revising our processes of specifying and ordering road equipment.

14. What happens when RAMP resources are expended?

RAMP is an accelerated construction program but does not create any additional or new spending authority. Once this period of accelerated construction ends -and the new processes stabilize- CDOT’s construction program will normalize. Since the TRANs bonds are scheduled for their final payment in FY2017 the program is expected to stabilize at a level somewhat higher than it is today. Construction program activities should also increase if the HPTE continues to identify and advance projects using innovative financing.

CDOT will continue to use this process to maximize the funding going into projects and keep the cash balance at a responsible level that allows for reaction to emergencies, the ability to take advantage of new opportunities, and assurance that CDOT will remain an exceptional steward of the transportation funding for the state of Colorado.

15. When will the RAMP program begin?

In some ways we already have. The Commission has approved advancement of future fiscal year funds in the Surface Treatment Program and for certain major projects such as I-25 near the Air Force Academy, a Diverging Diamond Interchange near Grand Junction and the Twin Tunnels in Idaho Springs. Additionally, the Transportation Commission has increased surface treatment funding in the current fiscal year by \$86 million, to a total of \$200 million this year. This new program is an exponential expansion of that concept and past practice. Definition of the process and identification of projects will occur in early 2013.

16. What does this do for maintenance?

Any improvements we make to the system affects future decisions on maintenance activities. Dedicating a large portion of this program to Asset Management projects is meant to upgrade the condition of our existing network. A larger investment in projects will help to reduce the burden we place on our maintenance professionals to keep our system safe and functional.

17. Is asset devolution a component to the RAMP program?

Yes, devolution projects are projects where the state transportation facilities are improved and then transferred to a local entity. Since the local entity will be responsible for future maintenance this is considered a form of public-public partnership and therefore the project is a potential candidate for funding under Program 2, the Transportation Partnership Fund.

18. Will RAMP affect current Memorandums of Understanding between CDOT and other entities?

The MOUs expire in June 2013, and continue to be evaluated. This approach to project acceleration and financing does not alter the manner in which CDOT works with all of its planning partners to ensure that a statewide perspective is in place to ensure state has the best transportation system possible.

This concept does not change the overall philosophy of ensuring that important projects are constructed throughout the state. CDOT is confident that this process will enhance, rather than detract from, the ability to meet the transportation needs of the state, both within and outside the metro areas.

19. What will the CDOT cash reserve be after RAMP is implemented?

CDOT will be conducting a risk analysis to determine the amount of cash reserve that the Department needs to keep on hand in order to cover all of its obligations. However; we are initially targeting a 120-day reserve based on experience gained by other state DOTs.

20. How will RAMP impact future resource allocations?

Resource allocation formulas and processes are set by the Transportation Commission. The RAMP program, in-and-of-itself, will have no effect on those processes. As part of the upcoming Statewide Plan Update, the Transportation Commission has begun early discussions of resource allocation and may decide to adjust resource allocation strategies that it feels make more effective use of the increased flexibility this concept could provide.

Once a project goes to advertisement under this process, the future year funding must be prioritized in the budget. The new financial planning tools being developed to support this effort will help to project cash needs and usages and ensures that the funding is managed in a proactive and responsible manner to minimize programmatic disruptions.

If there is a sudden and unanticipated downturn in future year revenues new projects may be delayed to fund the previously advertised projects. Given the historical stability of CDOT's revenues this is a risk unlikely to arise so it makes sense to pursue this effort to accelerate the delivery of needed projects for the citizens of Colorado.

21. Is this just another way to spend more money in metro Denver?

Colorado has transportation needs across the entire state. By changing how we budget and expend funds, we hope to spend more money over the next five years in metro Denver and in all other areas of the state. Because this is a one-time boost, we want to do what we can to preserve and repair our most critical assets across the state and leverage some of the funds with the private sector and other governmental entities to grow the available funds beyond what the department has available on its own.