



DATE: January 7, 2015
TO: Transportation Commission
FROM: Debra Perkins-Smith, Director, Division of Transportation Development (DTD)
SUBJECT: Permanent Water Quality Mitigation Pool Summary and Project Selection

Purpose

Provide an overview of CDOT's new Permanent Water Quality (PWQ) Mitigation Pool and PWQ Program (formerly known as New Development Redevelopment (NDRD) and an update on the first projects selected under the new program.

Action

Informational. No action requested.

Background

CDOT's Municipal Separate Storm Sewer System (MS4) permit, which is issued by the Colorado Department of Public Health and Environment (CDPHE) requires CDOT to install PWQ Best Management Practices (BMPs) on highways considered new development or redevelopment according to regulation. CDOT has been implementing PWQ BMPs under the NDRD program since 2004. The past program required BMP installation on construction sites that disturbed over an acre. This resulted in BMPs being built in a piece meal fashion with lots of little ponds that required more and more resources for maintenance, and therefore, was neither efficient nor practical.

As a result of the challenges of this program, a committee was formed to find a solution that would make the program more efficient and streamlined. The committee ultimately decided that treating water quality at a regional level would be much more efficient, both in treating water quality and in using tax payer money. The committee met with CDPHE to navigate the details of developing a regional program while maintaining compliance with the permit. CDPHE approved this new program and has incorporated it into CDOT's 2015 MS4 permit.

The main concept of the program is that CDOT contributes \$6.5 million annually to the PWQ Mitigation Pool. A committee composed of a cross section of CDOT region staff(PWQ Mitigation Pool Committee) allocates those dollars to CDOT and local agency projects based on PWQ need instead of requiring all projects over an acre in size to install PWQ features.

The CDOT PWQ Mitigation Pool committee selects CDOT projects on a quarterly basis and local agency projects annually. CDOT uses a three-step evaluation method to award projects. Applications must first meet all of the threshold criteria. Applicants who meet the threshold criteria (for example complying with the CDOT MS4 permit requirements and CDOT Design Standards) are then scored and ranked according to the evaluation criteria. Examples of evaluation criteria include cost effectiveness (i.e. cost per CDOT acre treated), matching resources, and maintenance responsibility (significant points are awarded when local agencies accept maintenance responsibility). Final ranking is based on project readiness and geographic diversity.

The \$6.5 million contributed annually to the PWQ Pool is a CDOT MS4 permit requirement and was calculated based on what CDOT projects historically expended on PWQ. Since PWQ mitigation is not a new activity, but rather centralizes water quality mitigation projects that had been formerly done as part of various constructions projects the \$6.5 million contributed to the Pool in FY 2016 comes from Region Priority Program (RPP) and the Surface

Treatment Pool (SUR). Starting in the FY17 budget, PWQ will be broken out as its own line item on the TC budget. Centralizing PWQ projects in this fashion means less time is needed for planning and engineering of PWQ projects allowing a savings on both transportation and PWQ projects resulting in a net savings.

Details

In August of 2015 the CDOT PWQ Mitigation Pool Committee made the final selection for Local Agency projects receiving Mitigation Pool funding. These are the first three projects selected under the PWQ Program. For all three selected projects the local agencies will be taking on the maintenance responsibilities. The projects are:

- City of Golden - Extended Detention Basin at US 6 & I-70 - \$175,378
CDOT Area Treated: US 6 & I-70
- City of Steamboat Springs - Fabricated Stormwater Treatment Device in Downtown Steamboat - \$65,000
CDOT Area Treated: Hwy 40
- El Paso County - I-25/North Gate/Struthers Water Quality Improvements - \$1,000,000
CDOT Area Treated: I-25 and future Powers Blvd

In January of 2016 the second Local Agency Call for projects will be announced.

Key Benefits

Under the new program most transportation projects are not required to build onsite PWQ BMPs, which has provided needed relief to projects that in the past were required to provide treatment on a constrained site. Under the new program a much smaller percentage of construction projects require onsite BMPs and these projects only need to treat the new impervious surface instead of the entire project area. Now projects are chosen based on PWQ benefits and what is most efficient and effective for CDOT.

The program is a much more efficient and effective way of meeting the regulatory requirements. By centralizing PWQ projects engineering and planning resources are reduced allowing program funds to be used more effectively and allowing more PWQ for the same amount of money. This approach reduces the amount of ponds added to the maintenance inventory each year; therefore the cost to maintain the facilities is reduced from what it would have been under the old program. Partnering with local agencies allows CDOT to leverage dollars providing additional savings in designing, constructing and maintaining PWQ facilities.



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: JANUARY 21, 2015
SUBJECT: SENATE BILL 09-228 TRANSFER SCENARIOS FOR FY 2015-16 AND FY 2016-17

Purpose

This memorandum summarizes the December 21, 2015 economic forecasts from the Governor's Office of State Planning and Budget (OSPB) and Legislative Council Staff (LCS) regarding potential Senate Bill (SB) 09-228 transfers for Fiscal Year (FY) 2015-16 and FY 2016-17. The protocol for measuring the benefits of potential SB 09-228 projects is also enclosed.

Action

The Division of Accounting and Finance (DAF) presents the Transportation Commission (TC) this memorandum for information only. The Division of Transportation Development (DTD) will present more information on SB 09-228 projects during the January TC workshop.

Background & Details

Both OSPB and LCS released their December quarterly economic forecasts on Monday, December 21st:

- OSPB and LCS have updated their forecasts and are now both projecting similar SB 09-228 General Fund transfers in FY 2015-16 and FY 2016-17 (see Table 1 below). Both OSPB (\$200.2 million) and LCS (\$199.5 million) are projecting a full transfer in FY 2015-16 and a 50% transfer in FY 2016-17 (\$106.8 million for OSPB and \$106.1 million for LCS). Both OSPB and LCS forecast that SB 09-228 General Fund transfers will be eliminated in FY 2017-18.
- In the previous forecast (September 2015), OSPB projected a 50% SB 09-228 General Fund transfer in FY 2015-16 and no transfer in FY 2016-17, while LCS projected a full SB 09-228 General Fund transfer in FY 2015-16 and a 50% transfer in FY 2016-17. In light of the revised OSPB and LCS forecasts, CDOT will be re-evaluating the impact of the SB 09-228 General Fund transfer in FY 2015-16 and FY 2016-17.
- According to current projections, a General Fund transfer will be reduced to zero for FY 2017-18 because the TABOR refund is expected to be larger than 3.0% of total General Fund revenue. This forecast projects the refund to be 3.03% of total General Fund revenue. Therefore, a small reduction in revenue subject to TABOR would result in a half-transfer in FY 2017-18.

Table 1: December 2015 Economic Forecasts

December 2015 Forecasts (in millions)			
	FY 2015-16	FY 2016-17	FY 2017-18
OSP	\$200.2	\$106.8	\$0.0
LCS	\$199.5	\$106.1	\$0.0

Office of State Planning and Budget Forecast

After exceeding the Referendum C cap in FY 2014-15, TABOR revenue is projected to come in below the cap in FY 2015-16, meaning there will be no TABOR refund. Because no TABOR refund is projected for FY 2015-16, SB 09-228 transfers for transportation and capital construction are projected to be made at full levels, resulting in transfers of \$200.2 million and \$50.0 million, respectively. TABOR revenue is expected to come in over the cap by \$112.0 million in FY 2016-17 and \$340.9 million in FY 2017-18. TABOR revenue for FY 2016-17 assumes lower Hospital Provider Fee collections by \$100.0 million projected in the Governor’s budget request.

Under the December 21 forecast, the State’s General Fund reserve is projected to be \$156.5 million below the required amount of 6.5% of appropriations in FY 2015-16. The projected shortfall is larger than in OSPB’s September forecast, due to lower revenue projections and the new expectation that transfers to transportation and capital construction under Senate Bill 09-228 will occur at their full amounts rather than being reduced by half. Full transportation and capital construction transfers are now expected as no TABOR refunds are forecast for FY 2015-16. Refunds above 1.0% of General Fund revenue trigger a reduction in the transfers.

The projected TABOR refund in FY 2016-17 under the Governor’s budget request is only slightly above the level that would trigger full SB 09-228 transfers to transportation and capital construction. Therefore, a small downward revision in the revenue forecast would result in additional General Fund obligations to cover full transfers. The projected FY 2016-17 TABOR refund of \$112.0 million (assuming the lower Hospital Provider Fee collections) is equal to 1.05 percent of General Fund revenue, meaning that the SB 09-228 transfers will only be made at half levels. However, a very small decrease in revenue from projections would result in full transfers for FY 2016-17. As a result of the expected size of the TABOR refunds in FY 2017-18, SB 09-228 transfers are projected to be eliminated.

Legislative Council Staff Forecast

The state and national economies continue to see moderate, broad-based job growth across most industries. Rising household incomes have supported growth in consumer spending, propping up economic activity. Low commodity prices, a stronger U.S. dollar, and slower global economic activity softened business conditions in 2015 and will continue to do so into 2016. The aging population, tighter monetary policy, and rising Colorado housing costs will also moderate growth.

The five-year block of transfers to the Capital Construction Fund and Highway Users Tax Fund required by SB 09-228 will begin in FY 2015-16. Full SB 09-228 transfers of \$199.5 million to the HUTF and \$49.9 million to the Capital Construction Fund will occur in FY 2015-16. The transfers

are expected to be cut in half in FY 2016-17 (\$106.1 million to the HUTF and \$27.3 million to the Capital Construction Fund). Transfers are expected to be eliminated in FY 2017-18.

Economic Analyses of Potential SB 09-228 Projects

In response to the expected transfer of SB 09-228 funds, CDOT has compiled a list of critical projects. In early 2015, the Executive Management Team (EMT) initiated a study to assess the economic benefits and impacts of selected SB 09-228 projects. Economic analyses can provide useful information on one important aspect of transportation projects: the degree to which projects directly support or generate business and other economic activity. This kind of analysis is particularly helpful in assessing the “invisible” economic effects of an investment, such as how much it could streamline business logistics or the ability of a project to generate “ripple effects” of savings throughout the economy.

The following projects are included in the study: 1) I-70 East Express Lanes, 2) I-25 Alameda Interchange, 3) I-70 Floyd Hill to Empire, 4) I-70 Westbound PPSL, 5) I-25 North (Fort Collins), 6) US 550/160 Connection (Durango), 7) SH 119 Bus Rapid Transit, 8) North Metro Rail Extension, 9) I-70 Silverthorne Interchange, 10) US 50 West (Pueblo), 11) SH 13 North (Rifle), 12) SH 71 Ports to Plains Connection, 13) I-76 to I-70.

The projects were selected based on variety, relevance, and geographic diversity, and are a representative sample of the full SB 09-228 project list. The 12 case studies provide an estimate of the potential value selected improvements in Colorado’s transportation infrastructure could add to the State and local economies. Moreover, they demonstrate the tie between transportation and the economy in a concise and relatable way. The analysis is based on a detailed assessment of the scenarios “before” and “after” a project is implemented. The analysis utilizes detailed project specific data, baseline performance condition, interviews with project stakeholders and businesses, and other economic and demographic data. The analysis is done using CDOT’s Transportation Investment Analysis Toolkit and the Transportation Economic Development Impact System (TREDIS). The results are summarized in terms of:

- 1) *Direct Benefits* - The dollar value of transportation savings or increased productivity that result from improved transportation performance, such as time saving, vehicle operating cost saving, safety saving, reliability (logistics) saving, and emission saving.

- 2) *Business Output (Sales)* - Total new revenue accruing to Colorado businesses as a result of both dollars spent on transportation outlays and the dollars of societal benefit being spent in the State’s economy, measured in:
 - *Gross State Product (Value Added)* - The portion of Business Output retained in Colorado’s economy; and
 - *Wage Income* - The portion of Gross State Product in the form of dollars of income earned by Colorado households.

- 3) *Employment* - Jobs supported and sustained in Colorado’s economy from the business activity above. It also includes construction jobs created.

Specific project results are not included in this memorandum, as they are currently under review by the EMT.

Options and Recommendations

N/A

Next Steps

As an Executive Department, CDOT utilizes OSPB forecasts for SB 09-228 transfers during its annual budget process. CDOT, previously expecting no SB 09-228 transfer in FY 2016-17, is now expected to increase its final FY 2016-17 budget request in-line with OSPB's current forecast of a 50% transfer. The March 2016 state economic forecast and TABOR revenue projection from OSPB may further alter the expected SB 09-228 transfer for FY 2016-17. Finally, expected legislation during the 2016 General Assembly session which cordons off the Hospital Provider Fee from TABOR revenue, if passed, will increase the likelihood of a full SB 09-228 transfer to the HUTF for FY 2016-17 and beyond.

The Economic Analyses outlined in the memorandum will be presented to the TC by March 2016, before any SB 09-228 transfer occurs for FY 2015-16.

Attachments

N/A



2016 Transportation Commission Meeting Schedule

January 20, 2016 – Transportation Commission Workshop

January 21, 2016 – Transportation Commission Regular Meeting

February 17, 2016 – Transportation Commission Workshop

February 18, 2016 – Transportation Commission Regular Meeting

March 16, 2016 – Transportation Commission Workshop

March 17, 2016 – Transportation Commission Regular Meeting

April 20, 2016 – Transportation Commission Workshop

April 21, 2016 – Transportation Commission Regular Meeting

May 18, 2016 – Transportation Commission Workshop

May 19, 2016 – Transportation Commission Regular Meeting

June 15, 2016 – Transportation Commission Workshop

June 16, 2016 – Transportation Commission Regular Meeting

July 20, 2016 – Transportation Commission Workshop

July 21, 2016 – Transportation Commission Regular Meeting

August 17, 2016 – Transportation Commission Workshop

August 18, 2016 – Transportation Commission Regular Meeting

September 14, 2016 – Transportation Commission Workshop

September 15, 2016 – Transportation Commission Regular Meeting

October 19, 2016 – Transportation Commission Workshop

October 20, 2016 – Transportation Commission Regular Meeting

November 16, 2016 – Transportation Commission Workshop

November 17, 2016 – Transportation Commission Regular Meeting

December 14, 2016 – Transportation Commission Workshop

December 15, 2016 – Transportation Commission Regular Meeting