



MEMORANDUM

TO: TRANSPORTATION COMMISSION
FROM: MARIA SOBOTA, CHIEF FINANCIAL OFFICER
DATE: MARCH 16, 2016
SUBJECT: FY 2016-17 FINAL ANNUAL BUDGET

Purpose

This memorandum presents the Fiscal Year (FY) 2016-17 Final Annual Budget and summarizes line item changes that have occurred since the proposed budget was adopted by the Transportation Commission (TC) in November 2015.

Action

This month, the TC is being asked to review and adopt final changes to the FY 2016-17 Annual Budget through resolution (see Consent Agenda tab) prior to submission to the Governor for approval on or before April 15, 2016.

Background & Details

Prior to adopting the final budget each spring, the TC reviews and adopts the Department's Proposed Budget each fall. In November 2015, the TC was presented with the FY 2016-17 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.

The FY 2016-17 Final Annual Budget:

- Balances the budget;
- Includes a 50% General Fund transfer from Senate Bill (SB) 09-228. CDOT anticipates receiving \$106.8 million in FY 2016-17, which is reflected in the strategic projects (line 55) and transit projects (line 86) line items within the budget. As outlined in the legislation, 10% of the anticipated funds are allocated to transit projects. The updated General Fund transfer scenario was presented to the TC in January 2016 in the "Information Only" section of the TC packet;
- Takes into account new allocation formulas created via passage of the federal FAST Act, signed by President Obama on December 4, 2015. The FAST Act is the first federal law in over ten years to provide long-term funding certainty for surface transportation. The FAST Act authorizes \$305.0 billion over fiscal years 2016 through 2020 for the Department's highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, and research, technology and statistics programs;



- Shifts Asset Management program funding sources developed during the Asset Management Budget Setting Workshop held on January 30, 2014. Except for the Bridge Enterprise total, which was increased to \$126.6 million to reflect the most recent revenue estimate, total program amounts approved as part of the Asset Management work group process have not changed. However, due to new FASTER Safety Procedural Directives, which emphasize different funding priorities, FY 2016-17 allocations have shifted between prior TransBond monies and RAMP funding. The TC was made aware of these changes in January 2016. The updated FY 2016-17 Asset Management table can be viewed in the Resolution located in the consent agenda;
- Was updated after new revenue estimates for the Division of Aeronautics, which will see a reduction in its FY 2016-17 budget allocation, and the High Performance Transportation Enterprise, which will a reduction due to reduced tolling estimates for FY 2016-17. DAF will continue to review forecasted revenue on a regular basis, updating the TC on budget allocations as needed for FY 2016-17.
- The TC has authorized a transfer of \$15.0 million in federal funds to pay costs related to Designated Bridge Projects or to pay the principal and interest on Series 2010A Bonds.

FY 2016-17 Final Annual Budget

The TC was informed in November 2015 that the FY 2016-17 Final Annual Budget would be presented in March 2016 with adjustments. The TC is being asked to review the Fiscal Year 2016-17 Final Budget Allocations Comparison (Attachment A), which is designed to highlight changes to the TC-approved Proposed Budget. See the FY 2015-16 memorandum for details on the reasons for many of the changes, and see the "Difference" column in Attachment A for FY 2016-17 adjustments. Significant changes were made to the FY 2016-17 Final Annual Budget as follows (including the reason for the change):

- Structures On-System Construction (Line 15): FASTER Safety
- Highway Safety Improvement Program (HSIP) (Line 18): FAST Act
- Traffic Signals (Line 21): FASTER Safety
- TSM&O: ITS Maintenance (Line 37): FASTER Safety
- Strategic Projects (Line 55): SB 09-228
- National Highway Freight Program (Line 56): FAST Act
- Administration (Appropriated) (Line 65): Other (see below)
- Division of Aeronautics (Line 73): Revenue estimate
- Transportation Alternatives Program (Line 77): FAST Act
- Surface Transportation Program (STP) - Metro (Line 78): FAST Act
- Congestion Mitigation/Air Quality (CMAQ) (Line 79): FAST Act
- Federal Transit (Line 85): FAST Act
- Division of Transit and Rail (DTR) (Line 86): SB 09-228
- Transportation Commission Contingency Reserve Fund (TCCRF) (Line 103): Other (see below)
- High Performance Transportation Enterprise - Projects (Line 14 - HPTE): Revenue estimate (see below)

The FY 2016-17 Administrative budget was increased by \$147,950, to \$30.0 million. As an executive department, CDOT builds its Administration line of the budget in conjunction with the Joint Budget Committee (JBC). Previously, DAF estimated an Administration line item of \$29.9 million. The increase is



the result of a Marijuana Data Coordination program allocation from the General Assembly that was approved by the JBC on February 3, 2016.

TCCRF allocations for FY 2016-17 are expected to decrease to \$16.9 million in the updated budget, from \$25.0 million in the November 2015 Proposed Budget. Due to the FAST Act, an increase in the required state match for federal transportation programs has caused flexible state allocations to increase, resources that were originally slated to be placed in the TCCRF for future use. The March 2016 TCCRF balance (pending March items) is \$76.2 million. Staff projects the TCCRF will end FY 2015-16 with a balance between \$40.0 and \$53.2 million.

HPTE receives tolling revenue from its various projects. This revenue is projected in advance based on current trends, policies, and project completion dates. For the Proposed Budget, HPTE estimated tolling revenue of \$4.7 million. However, revenue estimates have been updated since November 2015 when the Proposed Budget was approved by the TC. HPTE now estimates that tolling revenue for FY 2016-17 will be \$2.7 million for FY 2016-17. With the I-25 Segment 2 and I-70 Mountain Express Lanes either not operational or recently opened, HPTE is reducing its tolling revenue forecast in an effort to be conservative. Therefore, HPTE's FY 2016-17 budget allocation for projects (Line 14 under HPTE) has been reduced from \$5.6 million to \$3.6 million.

Key Benefits

The TC will adopt the FY 2016-17 Final Annual Budget before the statutory deadline of April 15, 2016. Any changes in the adopted budget after this period will be addressed through the budget supplement process.

Options and Recommendations

1. Adopt the FY 2016-17 Final Annual Budget by resolution (see Consent Agenda tab for FY 2016-17 Final Annual Budget and Resolution) - Staff Recommendation;
2. Request additional changes to FY 2016-17 Final Annual Budget prior to review and adoption;
3. Do not approve the FY 2016-17 Final Annual Budget.

Next Steps

Upon adoption, the FY 2016-17 Final Annual Budget will be delivered to the Governor for approval on or before April 15, 2016. As in previous years, the budget may be updated to include revised Common Policy and Legislative Decisions. In addition, the budget may be changed to reflect updated SB 09-228 estimates. Toward the end of March 2016, OSPB and the Legislative Council will release forecasts for SB 09-228, which will detail the likelihood of TABOR refunds and expected General Fund transfers to CDOT. If necessary, the budget will be updated to reflect new information provided by these forecasts.

The FY 2016-17 Narrative Budget, submitted to the Governor's Office, will be changed accordingly after TC adoption of the Final Budget. Final copies of the Narrative Budget will be distributed to the TC in April 2016.

Attachments

Attachment A: Fiscal Year 2016-17 Final Budget Allocations Comparison



**Attachment A: Colorado Department of Transportation
Fiscal Year 2016-17 Final Budget Allocations Comparison**

	Budget Category	Program Area	Directed by	FY 2016-17 Proposed Allocations (November 2015) A	FY 2016-17 Allocations (March 2016) B	Difference B-A	Funding Source
1	Maintain - Maintaining What We Have						
2		CDOT Performed Work					
3		Roadway Surface	TC	39,207,301	39,207,301		SH
4		Roadside Facilities	TC	22,031,593	22,031,593		SH
5		Roadside Appearance	TC	8,582,670	8,582,670		SH
6		Structure Maintenance	TC	12,206,661	12,206,661		SH
7		Tunnel Activities	TC	7,181,237	7,181,237		SH
8		Snow and Ice Control	TC	76,064,129	76,064,129		SH
9		Traffic Services	TC	66,254,514	66,254,514		SH
10		Planning and Scheduling	TC	15,584,857	15,584,857		SH
11		Material, Equipment and Buildings	TC	15,487,037	15,487,037		SH
12				262,600,000	262,600,000		
13		Contracted Out Work					
14		Surface Treatment /2	TC	145,125,000	145,125,000		FHWA/ SH/
15		Structures On-System Construction /1 /2	TC	31,268,000	35,068,000	3,800,000	FHWA/ SH/ 09-108: \$13.1M
16		Structures Inspection and Management /2	TC	4,532,000	4,532,000		SH
17		Geohazards Mitigation /1	TC	10,000,000	10,000,000		09-108: \$10.0M
18		Highway Safety Improvement Program	FR	30,504,717	30,299,407	(205,310)	FHWA / SH
19		Railway-Highway Crossings Program	FR	3,282,636	3,275,850	(6,786)	FHWA / SH
20		Hot Spots	TC	2,167,154	2,167,154		FHWA / SH
21		Traffic Signals /1 /2	TC	11,200,000	16,900,000	5,700,000	FHWA/ SH/ 09-108: \$16.9M
22		FASTER - Safety Projects	TC	57,851,157	57,853,157	2,000	09-108
23		Permanent Water Quality Mitigation	TC	6,500,000	6,500,000		FHWA / SH
24		Maintain-Related Indirects/Overhead /2					
25		Maintain-Related CDOT Construction Engineering /2					
26				302,430,664	311,720,568	9,289,904	
27		Capital Expenditure					
28		Road Equipment /2	TC				SH
29		Capitalized Operating Equipment	TC	3,760,247	3,760,247		SH
30		Property /2	TC	10,000,000	10,000,000		SH
31				13,760,247	13,760,247		
32			Total:	578,790,911	588,080,815	9,289,904	
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	27,100,000	17,600,000	(9,500,000)	SH
38				29,696,775	20,196,775	(9,500,000)	
39		Contracted Out Work					
40		Safety Education	Comb	12,973,628	12,973,628		NHTSA / SSE
41		TSM&O: Congestion Relief	TC	4,750,000	4,750,000		FHWA / SH
42		Regional Priority Program	TC	48,609,000	48,609,000		FHWA / SH
43		Road X	TC	12,096,525	12,096,525		FHWA / SH
44		Maximize-Related Indirect/Overhead /2					
45		Maximize-Related CDOT Construction Engineering /2					
46				78,429,153	78,429,153		
47		Capital Expenditure					
48		TSM&O: ITS Investments	TC	10,000,000	10,000,000		FHWA / SH
49				10,000,000	10,000,000		
50			Total:	118,125,928	108,625,928	(9,500,000)	
51	Expand - Increasing Capacity						
52		CDOT Performed Work					
53							
54		Contracted Out Work					
55		Strategic Projects	SL		96,120,000	96,120,000	09-228
56		National Freight Program	FR		16,941,535	16,941,535	FHWA / SH
57		Expand-Related Indirect /2					
58		Expand-Related CDOT Construction Engineering /2					
59					113,061,535	113,061,535	
60			Total:		113,061,535	113,061,535	
61	Deliver - Program Delivery/Administration						
62		Operations (including maintenance support)	TC	32,738,361	32,738,361		SH
63		Projects Initiatives	TC	1,855,000	1,855,000		FHWA / SH
64		DTD Planning and Research - SPR	FR	13,283,014	13,251,519	(31,495)	FHWA / SH
65		Administration (Appropriated)	SL	29,863,123	30,011,073	147,950	SH
66		HPTE Fee for Service	TC	2,080,000	2,080,000		SH
67		FY2016 Common Policy Anticipated Salary Increase					
68			Total:	79,819,498	79,935,953	116,455	
69	Pass-Through Funds/Multi-modal Grants						
70		Aeronautics					
71		Division of Aeronautics to Airports	AB	23,991,181	16,800,860	(7,190,321)	SA
72		Division of Aeronautics Administration	AB	1,050,000	972,237	(77,763)	SA
73				25,041,181	17,773,097	(7,268,084)	
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	12,045,395	12,023,531	(21,864)	FHWA / LOC
78		STP-Metro	FR	49,134,550	51,830,022	2,695,472	FHWA / LOC
79		Congestion Mitigation/Air Quality	FR	45,994,306	47,411,168	1,416,862	FHWA / LOC
80		Metropolitan Planning	FR	8,150,505	8,263,775	113,270	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	6,285,161	6,286,788	1,627	FHWA / SH / LOC
83				128,865,708	133,071,075	4,205,367	
84		Transit					
85		Federal Transit	FR	29,621,237	28,725,739	(895,498)	FTA / LOC
86		Strategic Projects -Transit	SL		10,680,000	10,680,000	09-228
87		Transit and Rail Local Grants	SL	5,000,000	5,000,000		09-108
88		Transit and Rail Statewide Grants	TC	6,800,000	6,800,000		09-108
89		Bustang	TC	3,000,000	3,000,000		09-108
90		Transit Administration and Operations	TC	1,200,000	1,000,000	(200,000)	FTA / 09-108
91				44,621,237	54,405,739	9,784,502	
92		Infrastructure Bank					
93		Infrastructure Bank	TC	420,804	420,804		SIB
94			Total:	198,948,930	205,670,715	6,721,785	
95	Transportation Commission Contingency / Debt Service						
96		Permanent Recovery					
97		Permanent Recovery		127,400,000	127,400,000		FHWA
98		Recovery-Related Indirect/Overhead /2					
99		Recovery-Related CDOT Construction Engineering /2					
100				127,400,000	127,400,000		
101							
102		Contingency					
103		TC Contingency	TC	25,000,000	16,858,833	(8,141,167)	FHWA / SH
104		Snow & Ice Reserve	TC	10,000,000	10,000,000		SH
105				35,000,000	26,858,833	(8,141,167)	
106		Debt Service					
107		Strategic Projects - Debt Service	DS	128,869,125	128,869,125		FHWA / SH
108		Certificates of Participation-Property	DS	2,364,664	2,364,664		SH
109		Certificates of Participation-Energy	DS	993,850	993,850		SH
110				132,227,639	132,227,639		
111			Total:	294,627,639	286,486,472	(8,141,167)	
				1,270,312,906	1,381,861,418	111,548,512	
			Revenue	1,270,312,906	1,381,861,418	111,548,512	

/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 Budget excludes RAMP projects; 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

**State Bridge Enterprise
Fiscal Year 2016-17 Final Budget Allocations Comparison**

	Budget Category	Program Area	Directed by	FY 2016-17 Proposed Allocations (November 2015) A	FY 2016-17 Allocations (March 2016) B	Difference B-A	Funding Source
1	Maintain - Maintaining What We Have						
2		CDOT Performed Work					
3		Contracted Out Work					
4		Maintenance	BEB	250,000	250,000		09-108
5		Scoping Pools	BEB	300,000	300,000		09-108
6				550,000	550,000		
7		Contracted Out Work					
8		Bridge Enterprise Projects	BEB	105,904,096	105,904,096		09-108
9		Maintain-Related Indirects/Overhead /1					
10		Maintain-Related CDOT Construction Engineering /1					
11			Total	105,904,096	105,904,096		
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		
				126,600,000	126,600,000		

/1 Budget excludes RAMP projects; CE and indirects are calculated based on total programs as shown.

Revenue **126,600,000 126,600,000**

Key to acronyms:
BEB= Bridge Enterprise Board
DS= Debt Service Covenants

**High Performance Transportation Enterprise
Fiscal Year 2016-17 Final Budget Allocations Comparison**

	Budget Category	Program Area	Directed by	FY 2016-17 Proposed Allocations (November 2015) A	FY 2016-17 Allocations (March 2016) B	Difference B-A	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	5,636,702	3,614,192	(2,022,510)	Tolls/Managed Lanes Revenue
15		Expand-Related Indirect /1					
16		Expand-Related CDOT Construction Engineering /1					
17				5,636,702	3,614,192	(2,022,510)	Tolls/Managed Lanes Revenue
18			Total	5,636,702	3,614,192	(2,022,510)	
19	Deliver - Program Delivery/Administration						
20		High Performance Transportation Enterprise--Administration and Legal Fees		1,178,649	2,088,800	910,151	Fee for Service
21			Total:	1,178,649	2,088,800	910,151	
22	Pass-Through Funds/Multi-modal Grants						
23		Highway					
24			Total:				
25	Transportation Commission Contingency / Debt Service						
26		Contingency					
27		Debt Service		901,351		(901,351)	Fee for Service
28			Total:	901,351		(901,351)	
				7,716,702	5,702,992	(2,013,710)	

/1 Budget excludes RAMP projects; CE and indirects are calculated based on total programs as shown.

Revenue **7,716,702 5,702,992 (2,013,710)**

Key to acronyms:
HPTEB=High Performance Transportation Enterprise Board

HPTE Fee For Service Revenue & Allocation Adjustment	(2,080,000)	(2,080,000)	
Total Consolidated Allocations	1,402,549,608	1,512,084,410	109,534,802
Total Consolidated Revenue	1,402,549,608	1,512,084,410	109,534,802