

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Andrea Uhl, JBC Staff (303-866-4956)
DATE March 21, 2024
SUBJECT DOLA FY 2023-24 Moffat Tunnel Footnote Technical Correction

During FY 2023-24 figure setting for the Department of Local Affairs, the Committee approved an increase of \$290,000 cash funds from the Moffat Tunnel Cash Fund for the Department to renegotiate a lease with Union Pacific Railroad that expires in January 2025. This decision included modification to an existing footnote to provide roll-forward authority through the FY 2024-25 fiscal year. Staff forgot to include the change in the footnote in the FY 2023-24 Long Bill, and the omission was just discovered. **Staff recommends correcting this error by adding the roll-forward language to the footnote through a Long Bill add-on.** Absent this correction, the Department will not be able to pay for any work projected to be done on the contract negotiation after June 30, 2024.

Excerpt from FY 2023-24 Figure Setting:

Department of Local Affairs, Executive Director's Office, Moffat Tunnel Improvement District -- It is the General Assembly's intent that the Department continue its current practice of retaining lease payment revenues in the Moffat Tunnel Cash Fund and suspending distribution payments to Improvement District counties because this practice ensures that funds remain available to cover any potential Improvement District liabilities related to the Tunnel and any costs related to studies or other actions that need to occur prior to the expiration of the lease with Union Pacific Railroad in 2025 in order to protect the interests of the Improvement District and the State. THIS APPROPRIATION REMAINS AVAILABLE FOR EXPENDITURE UNTIL THE CLOSE OF THE 2024-25 STATE FISCAL YEAR.

COMMENT: Under current law, lease payment revenue from the property is to be distributed to the nine Improvement District counties (Adams, Boulder, Denver, Eagle, Gilpin, Grand, Jefferson, Moffat, and Routt) after the Department has set aside sufficient revenue for administrative costs. In light of the information provided in response to a 2017 request for information, the Committee added this footnote to express the General Assembly's intent that the Department continue its practice of retaining lease payment revenues in the Moffat Tunnel Cash Fund and suspending distribution payments to Improvement District counties.

The Union Pacific lease expires in 2025 and the Department plans to significantly spend down the balance of the Moffat Tunnel Cash Fund to renegotiate the lease. This footnote was first included in the FY 2018-19 Long Bill; staff recommends adding language providing roll-forward authority as recommended in R7.