

DEPARTMENT OF TRANSPORTATION
FY 2021-22 JOINT BUDGET COMMITTEE HEARING AGENDA

Tuesday, January 5, 2021
9:00 am – 10:30 am

9:00-9:15 INTRODUCTIONS AND OPENING COMMENTS

Main Presenters:

- Shoshana Lew, Executive Director
- Karen Stuart, Transportation Commission, Chair

9:15-9:45 CDOT OPERATIONS AND PROJECTS

Main Presenters:

- Shoshana Lew, Executive Director
- Karen Stuart, Transportation Commission, Chair
- Jeff Sudmeier, Chief Financial Officer
- Stephen Harelson, Chief Engineer

Topics:

- Resiliency Planning: Page 1, Question 1 in the packet, Slides 14-15
- Assistance to RTD: Page 2, Question 2 in the packet, Slide 31
- Central 70 Projects: Page 2, Question 3 in the packet, Slides 17-18

9:45-10:30 REQUEST FOR INFORMATION #1 DISCUSSION

Main Presenters:

- Shoshana Lew, Executive Director
- Karen Stuart, Transportation Commission, Chair
- Jeff Sudmeier, Chief Financial Officer
- Stephen Harelson, Chief Engineer

Topics:

- Alternative Delivery System versus Conventional Delivery System: Page 4, Question 4 in the packet, Slides 24-29
- Outsourcing of Services: Page 4, Question 4 in the packet, Slide 30

DEPARTMENT OF TRANSPORTATION
FY 2021-22 JOINT BUDGET COMMITTEE HEARING AGENDA

Tuesday, January 5th
9:15 am – 10:45 am

RESILIENCY PLANNING

1. *[Rep. McCluskie]* Please describe CDOT's efforts related to resilience planning. For example, I-70 was shut down for two weeks over the summer due to the Grizzly Peak fire. What steps is the Department taking to plan for and mitigate the impacts of future disaster emergencies on the transportation network?

Response

Resiliency refers to the ability to keep our roads open and functional in the face of unexpected events and challenges. CDOT continues to engage local governments, planning partners, state departments and the public on options for increasing the resiliency of the state's highway infrastructure. Resiliency became a priority for CDOT after the 2013 flooding event along the Front Range caused severe damage to our roadway network, impacting roughly 500 miles of road and 50 bridges, and requiring more than \$700 million in emergency repairs.

The I-70 Risk and Resilience Pilot, completed in late 2017, is a first-of-its kind approach to quantify risks along the 450 miles of I-70 from the Utah border in the west to the Kansas border in the east.

Following the completion of the I-70 Risk and Resiliency Pilot, CDOT spent over a year refining the model it used in the pilot to document a standardized approach for calculating risk and resiliency on the state's transportation system. The end product is a written manual for calculating risks to CDOT's system to natural hazards, and the benefit-cost of investing in resiliency measures to harden its system. The manual was published in Summer 2020 and is accompanied by a set of excel spreadsheets to help automate the calculations.

In 2018, the Transportation Commission adopted Policy Directive (PD) 1905.0 "Building Resilience into Transportation Infrastructure and Operations", which directs CDOT to support state resilience goals by incorporating resilience in strategic decisions about transportation assets and operations.

The policy directive builds on the Department's efforts since the 2013 floods to formalize and encourage future resilience activities at CDOT so that the department can manage risks and successfully adapt to future challenges. One example specific to the I-70 corridor is the new avalanche system installed on Loveland Pass. This route is essential in providing access around the Eisenhower Johnson Memorial Tunnels for hazardous material transport. Loveland Pass is also the only route available if the tunnels close. The new system is safer and reduces road closures that affect heavy ski traffic in the area. Fewer technicians are required to conduct

mitigation, allowing more CDOT employees to focus on plowing and conducting other essential activities in the Summit County area.

STIMULUS ASSISTANCE FOR RTD

2. *[Senator Moreno]* Has the Department considered, or are there any proposals for, providing funding assistance to RTD to help mitigate the agency's revenue loss and workforce reductions?

Response

CDOT does not currently have plans to dedicate departmental funds to RTD. CDOT's funding is restricted and limited in the flexibility of uses, whereas RTD has dedicated funding streams separate from state funds. RTD has directly received \$232 million through the CARES Act to help stabilize operations through the COVID response, and they will receive additional funding from the recent Federal stimulus bill passed in December. Using the CARES Act to make a preliminary estimate, RTD may see between \$80 million to \$128.3 million in additional revenue. The funding from this recent bill combined with the funding they received from the CARES Act must not exceed 75% of their 2018 Operating Budget (\$663.7 Million).

CDOT recognizes the ongoing challenges transit agencies statewide currently struggle with, however, the funding from the HUTF and federal government is dedicated to existing infrastructure, capital, and maintenance projects. To divert funding from these projects means delaying safety projects, bridge maintenance, and highway projects around the state. These projects bring necessary funding to local governments around the state, helping to build back the state's economy.

CENTRAL 70 PROJECT

3. *[Senator Moreno]* Please provide an update on the Central 70 Project, specifically relating to the budget and timeline.

Response

As of September 2020, the Central 70 Project is 58.6% complete (99.6% design complete and 51.8% construction complete). The Project continues to be on budget and on track to be largely complete by the end of 2022. CDOT, and the contractor, Keiwit, recently finalized a refinancing deal allowing the contractor to take on some costs associated with changes to the project, as well as avoid potential future delays on the project.

Crews dedicated more than one million hours into completing 24 major milestones in 2020. Since 2018, three million hours have been dedicated to construction of the state's largest infrastructure project in history.

More than 1.66 million cubic yards of dirt has been excavated, mostly in the lowered section, as crews worked to build the future westbound lanes of I-70. A portion of the 500,000-plus tons of asphalt placed along the Project this year was used to construct these new lanes, while a majority was used in the east segment (between Quebec Street and Chambers Road). With lower traffic volumes earlier this spring, paving progressed several weeks ahead of schedule as crews were able

to implement daytime lane closures along the east segment. With final paving and striping completed, this marked substantial completion of this segment.

In addition, progress was made on the remaining 18 (out of 20 total) bridges across the Project -- demolishing old and building new.

Crews worked on the following bridges in 2020:

- I-70 over Brighton, Dahlia, Holly, Monaco and Quebec
- Bridges for the Burlington Northern and Denver Rock Island railroads
- Demolition of the old Union Pacific Railroad (UPRR) bridge and construction of the new UPRR bridge
 - Crews shifted three tracks onto the new west half of the bridge, marking a major Project milestone with trains operational since last fall
- New bridges at York, Josephine, the northern half of cover top bridge including Columbine and Clayton streets, Fillmore, Steele, Cook, Monroe, and Colorado

Besides progress in construction, the Project team also made strides in Workforce, outreach and vehicle miles saved.

Workforce:

To date, nearly 690,000 work hours have been performed by employees within the local hire zip codes along the Project limits. Considered essential employees, crews have been able to continue working year round, accomplishing major milestones on the Project. Central 70 is honored to participate in several initiatives to recruit and support a diverse local workforce. Data and progress on Project workforce goals are published on a monthly basis in Workforce at Glance. New reports are published by the third week of each month; data is reported with a two-month delay.

Outreach:

The Central 70 Project is more than the reconstruction of I-70 — it is also about building relationships. Even with the challenges COVID-19 presented with in-person outreach, the Project was able to adapt and find creative ways to reach desired audiences along the corridor. This past year, the team participated in approximately 1,000 hours of community outreach. This outreach included virtual office hours, virtual Chips & Chat, virtual Coffee & Chat, virtual presentations and stakeholder meetings. The team was also still able to volunteer at Birdseed Collective in Globeville and Focus Points in Swansea through “We Don’t Waste,” participating in more than 400 hours of volunteer work to date.

Northeast Transportation Connections (NETC):

As part of Central 70’s partnership with Northeast Transportation Connections (NETC), various programs are offered to promote carpooling and public transit. Income qualified employees who commute to businesses along the Central 70 Project are eligible for a free monthly local-fare transit pass. Businesses within a 10-minute walk of a transit station may be qualified for matching funds to offset the costs of RTD’s EcoPass. There are also financial incentives to help start carpools and vanpools. Through this partnership, more than one million vehicle miles traveled have been saved to date through community and business programs.

2021 will be a monumental year for the Central 70 Project and the City of Denver as crews plan to shift existing eastbound and westbound I-70 traffic onto the new westbound lanes and demolish

the viaduct. The Project team looks forward to continuing community and commuter outreach efforts and completing major milestones in 2021.

RFI #1: ALTERNATIVE DELIVERY SYSTEM AND CONVENTIONAL DELIVERY SYSTEM DISCUSSION

4. *[Senators Moreno and Rankin]* Discuss your response to Request for Information #1. Also describe CDOT's history of outsourcing services (particularly for design, engineering, and consulting) to outside vendors.

Response

Alternative delivery is a method of including design and construction work within the same contract, as opposed to the design being separate from the construction contract. The Federal Highway Administration actively encourages these methods because they allow for different forms of "risk sharing" which makes the contractor accountable for the design component as well as for building it.

There are two major types of alternative delivery methods: Design Build and Construction Manager/General Contractor (CM/GC). These contracts make the awardee accountable for the majority of the design, including the engineering design, which shifts risk to the contractor and away from the state. CDOT separately hires both a designer and a contractor at a very early stage of the project. Alternative delivery does not work for all projects, and tends to be better suited for:

- larger construction projects (Central I-70, TREX, Glenwood Canyon)
- emergency events, (US 36 emergency repair)
- other complex/multivariable projects where it helps to have the design and construction teams integrated from the beginning (multiple phases of I-25 reconstruction, north and south).

Because of the risk sharing described above, alternative delivery methods allow the owner to establish cost and schedule certainty earlier. On traditional delivery projects (Design-Bid-Build) the contractor is selected based on low bid, and because the threshold for change orders is relatively low, the Department can expect change orders through the lifecycle of the project. Change orders both impact overall cost and schedule of the project, therefore you do not have cost certainty until the construction is complete.

With Design-Bid-Build projects, CDOT bids out 100 percent plans for the project, the state accepts the risk associated with that design, and the contractor performs the work. Design bid build often works best for smaller and simpler projects, which are equally important but different.

In order to serve the public interest, CDOT needs to focus not on the specific interests of any certain contractor's specialty, but on identifying projects, large and small, that serve the needs of all Coloradans. Having a variety of tools allows the department to provide a balanced program that meets the diverse needs of the state while maximizing the value to taxpayers.

COMMON QUESTIONS FOR DISCUSSION

- 1 Please describe the Department's actions to implement the Health, Life, and Dental decrease in lieu of a 5.0 percent General Fund salary base reduction. Please include dollar and percentage share data on planned "allocations" of the decrease to all divisions and programs within the Department. Please describe the use of vacancy savings, delayed hiring, and the implementation of one-time or ongoing operating savings. Please describe the urgency of the Department's need to engage in a furlough in FY 2020-21 due to the inability to achieve savings in other ways.
(NA for Department of Transportation)
- 2 Please describe how the changes implemented in response to the COVID-19 pandemic have changed the nature of the Department's work. Please address programmatic, budgetary, and office space impacts.

Response

CDOT is anticipating a shortfall in motor fuel collections due to disrupted driving patterns and decreased General Fund revenue from changes made in the 2020 Legislative Session. This expected shortfall has led to a number of changes for the Department's FY 2020-21 and FY 2021-22 budget expectations. More information on the Department's forecast and specific budget actions taken in response to COVID-19 can be found in the Department's [Long Range Financial Plan](#).

Considerable uncertainty remains regarding how the pandemic will impact travel and commuting patterns over the next few years. For example, a prolonged economic recession or changes to commuting patterns (such as an increase in the number of people working from home) may have long-term impacts on the state's VMT and fuel tax revenue.

CDOT has also implemented a number of changes over the last 10 months in response to the COVID-19 pandemic. To mitigate the risk of in-person transmission, 90 percent of non-essential positions within CDOT's workforce have been working from home. In order to make this possible, CDOT has initiated a number of process improvements, including the creation of new electronic forms and guidelines for electronic signatures. For administrative staff required to be at the worksite in person, social distancing and cleaning guidelines have been created to ensure the safety of everyone in the building. The department has also developed a comprehensive return to work strategy and Decision Matrix to assist management in making determinations regarding quarantine, contact tracing, etc.

While most of the Department's administrative staff are working from home, a number of CDOT employees, including construction and maintenance workers, are required to be on site. Additional steps have been made to help maintain the safety of in person crews, which include:

- Providing PPE (masks, face shields, gloves, hand sanitizer, etc.)
- Providing in-house video training for employees who still report to work (essential employees) on social distancing, proper wearing of PPE Vehicle disinfection, etc.)
- Deploying Abbott BiNax Now rapid test kits for COVID-19 to further secure our essential staff going into Winter Operations.

DEPARTMENT OF TRANSPORTATION
 FY 2021-22 JOINT BUDGET COMMITTEE HEARING
WRITTEN RESPONSES ONLY

FHWA REDISTRIBUTION PROCESS

1. [Rep. McCluskie] Describe the FHWA annual redistribution process and provide a brief history of funds received by CDOT through this process.

Response

August Redistribution is a routine annual process that is a part of the Federal Aid Highway Program. States that demonstrate use of 100% or more of their annual obligation authority may request additional funds from unused funding leftover by other states or other USDOT funded programs, such as Infrastructure for Rebuilding America (INFRA). Historically, CDOT has been successful at demonstrating that it will obligate 100% of the FHWA Formula funds, and thus qualifies for FHWA August Redistribution. This funding is included as part of the department’s typical annual flow of Federal funds and are included annually within the cash flow forecast.

On August 28, 2020 CDOT was distributed \$77,044,157, the most ever for the state. Colorado’s share of the national total was 1.62%. The redistributed amount was Colorado’s fifth consecutive year receiving over \$40 million. A large portion of USDOT grants, (INFRA, BUILD, etc.) were not obligated during FY 2019-20 leading to an unusually large national redistribution.

CDOT's Most Recent Redistribution Requests and Actuals Received						
Fiscal Year	CDOT Request		Actual Received		National Total	Colorado Share of Total
2020	\$	118,849,167	\$	77,044,157	\$ 4,762,052,903	1.62%
2019	\$	107,261,534	\$	50,710,089	\$ 3,972,743,240	1.28%
2018	\$	119,000,000	\$	69,573,361	\$ 4,183,936,196	1.66%
2017	\$	123,000,000	\$	44,872,399	\$ 3,137,048,104	1.43%
2016	\$	106,000,000	\$	48,047,076	\$ 2,832,803,208	1.70%
2015	\$	121,000,000	\$	27,786,142	\$ 1,906,572,178	1.46%
2014	\$	40,000,000	\$	31,769,903	\$ 2,117,694,862	1.50%
2013	\$	40,000,000	\$	25,515,737	\$ 1,595,648,530	1.60%
2012	\$	15,000,000	\$	15,000,000	\$ 1,400,464,387	1.07%
2011	\$	88,000,000	\$	18,953,017	\$ 1,182,665,012	1.60%

Due to the impacts of COVID-19, the Department is anticipating a decrease to motor fuel collections and decreased General Fund revenue for FY 2020-21 and FY 2021-22. This redistribution of Federal funding has helped the Department mitigate the budgetary impacts caused by the pandemic. More information on these specific impacts can be found in the Department’s Long Range Financial Plan.

COMMON QUESTIONS: PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

- 1 Provide a list of any legislation with a fiscal impact that the Department has: (a) not implemented, (b) partially implemented, or (c) missed statutory deadlines. Explain why the Department has not implemented, has only partially implemented, or has missed deadlines for the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

Response

The Department does not currently have any legislation that has not been implemented.

- 2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations with a fiscal impact identified in the Office of the State Auditor's "Annual Report: Status of Outstanding Audit Recommendations"? What is the Department doing to resolve these HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

The 2020 report will be published on December 7, 2020 and can be found at this link <http://leg.colorado.gov/content/audits>. JBC staff will send out an updated link once the report is published.

Response

Pursuant to the 2020 Audit Report, "from July 1, 2014, through June 30, 2019, the Department of Transportation agreed or partially agreed to implement 70 audit recommendations—five were from financial audits and 65 were from performance audits. As of June 30, 2020, a total of three of the 70 recommendations are not fully implemented, and **none are considered high priority.**"

Of the three outstanding recommendations, two have been fully implemented, and one is pending the outcome of the 2021 legislative session.

The recommendations in 1A related to management program oversight and Transportation Commission oversight have now been completely implemented. The Fiscal Year 2020-21 Budget Allocation Plan has been restructured and updated to comply with all statutory requirements. The Commission adopted the final budget in March 2020. All sections of the budget, including an annual spending plan with forecasted expenditures, have been finalized and included. In addition, roll forward amounts from the prior year were included in the budget in July 2020. There are additional multi-year efforts underway to further improve the

structure and transparency of the CDOT budget over an extended period of time. These include implementation of a new budget management and reporting platform, assessment of the current Enterprise Resource Planning (ERP) system, and a decision to either invest in additional upgrades and reconfigurations, or to implement a new ERP system. Either approach will entail additional structural changes to the CDOT budget.

Recommendation 3C related to budget and appropriation has been partially implemented pending the outcome of the 2021 Legislative Session. The Department plans to work with the General Assembly during the 2021 legislative session to change the statute to align with current reporting processes. Staff have been engaged with the Office of the State Controller (OSC) and the Legislative Audit Committee (LAC) to develop new statutory language to comply with this recommendation. The Department appeared before the Legislative Audit Committee on July 27, 2020 and proposed the Committee consider running legislation to update the current statute. The Committee agreed to run legislation and provided feedback which the Department and OSC incorporated into proposed bill language. OSA staff was receptive to this new approach and worked with Legislative Legal Services to prepare a bill draft was a follow-up hearing with the LAC on September 21 where the Department spoke to the revisions and the Committee reviewed and approved the draft language.

- 3 For the FY 2020-21 hearing process, the Department was asked to respond to the following questions related to public awareness campaigns.

Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

Please provide an update to your response from last year, including any changes to existing campaigns and/or the addition or discontinuation of campaigns.

Response

The Cannabis Conversation

In FY 2019-20, the Department spent \$950,000 on a campaign to inform and discourage driving while impaired by cannabis. Funds were used for a media buy (\$545,000), creative development (\$140,000), evaluation (\$95,000), public relations (\$140,000), creative content for Hispanic audiences (\$25,000) and print/mail (\$5,000).

Goal: Colorado continues to see cannabis-involved traffic crashes and fatalities. Of all of the drivers tested in 2019, 23% of drivers tested were positive for active THC (Delta 9), up from

18% in 2016. Many cannabis consumers are highly skeptical of the dangers regarding driving under the influence of cannabis. To confront this ongoing challenge, CDOT launched a two-year, statewide research initiative to better understand how to inform and convince cannabis consumers about the dangers of driving high. Based on what it learned in FY 2019-20, CDOT launched a new marketing campaign called “Uncomfortable High” with the goal of convincing cannabis consumers not to drive high. Radio, digital video, digital banners, print, and social media carried the message to cannabis consumers across the state.

Partnerships: Throughout the course of the campaign, dozens of partners from the public and private sectors shared social media content, participated in media events, published blog posts on web and social channels, and assisted in content campaign messaging development. The most active partners were: The Marijuana Industry Group; the National Cannabis Industry Association; Lightshade; and Native Roots dispensaries. In addition, the Department coordinated with the Colorado Department of Public Health and Environment and the Marijuana Education Oversight Committee to ensure open communication between government channels and stakeholders.

Metrics used to monitor campaign success: 1) Number of paid media impressions from paid ads - 27.8 million impressions, including a new effort to optimize video views, which resulted in 783,532 unique users. 2) Number of earned media impressions produced by public relations efforts - 177 million impressions garnered from news stories with a total value of \$1,620,753. 3) Outcome of surveys administered by the Department (see below).

Survey outcomes: A CDOT Driver Behavior Survey found that the percentage of people who believe it is safer to drive under the influence of cannabis compared to alcohol decreased by 4% from 2019 to 2020. Also, a CDOT Pre and Post Campaign Survey found that awareness of the campaign slogan - "Lives are at stake every time you get behind the wheel. Plan ahead. Don't drive high" - increased significantly from 9% to 16%.

FY 2020-21 Plans: The budget for this program was reduced to \$450,000 in FY 2020-21 due to budget balancing actions taken in the 2020 session. To keep the campaign in the public eye, 2020 creative assets will be re-used. As a result, almost 80% of the budget will be devoted to the media buy to ensure it has wide public visibility. Additionally, the Department received an Implementation and Evaluation grant award from the Office of State Planning and Budgeting to evaluate the project in 2021. These grants are designed to improve the use of evidence-based policymaking to inform resource allocation, program design, and program implementation.

Enforcement measures: The Department implements and manages 16 statewide high visibility enforcement episodes to address impaired drivers in Colorado, paired with heightened enforcement by the Colorado State Patrol (CSP). The enforcement episodes

include, but are not limited to, specific dates that have high incidences of impaired driving crashes, such as St. Patrick's Day, 4th of July, Labor Day, etc. Previous High Visibility Enforcement activities from 2015 to 2018 have resulted in over 38,000 impaired driving arrests. These arrests comprise over 30% of the state DUI arrest filings during the same period.

- 4 Please identify how many rules you have promulgated in the past year (FY 2019-20). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

Response

In FY 2019-20 (July 2019-June 2020), the Department completed rulemaking for the following:

- 2 CCR 601-14, Rules Governing Chain Law and Passenger Vehicle Traction Law Requirements on the State Highway System, was revised by the Transportation Commission of Colorado to make emergency rules permanent and to clarify how the Department will communicate information relating to the new Passenger Vehicle Traction and Chain law to the motoring public when it is in effect or being deactivated. These rules were adopted on January 16, 2020 and were effective on March 16, 2020.

The Department conducts extensive stakeholder engagement for each rulemaking proceeding by providing multiple opportunities for all affected and interested parties to ask questions and submit comments on any positive or negative effects resulting from any proposed rules. As part of the stakeholder engagement process, the Department establishes a Representative Group pursuant to § 24-4-103(2), C.R.S., which includes representatives from the various stakeholder interests that may be affected by the proposed rules. The Representative Group is invited to participate in all workshops, communications, and the public rulemaking hearings. This process, depending on the specific set of rules, may take over a year of information gathering and collaboration with stakeholders.

Given the thoroughness with which the Department engages with stakeholders, the Department did not receive any requests from any affected or interested parties for a cost-benefit analysis pursuant to § 24-4-103(2.5), C.R.S. for the above rulemaking proceedings. Similarly, the Department did not receive any requests from any affected or interested parties for a regulatory analysis pursuant to § 24-4-104(4.5), C.R.S.

- 5 What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations.

Response

Some of the primary cost drivers for the department include the limited availability of common and skilled laborers and equipment operators, the limited availability of road construction materials (such as aggregate and asphalt cement), and the availability of subcontractors. Specifically, costs have increased for the department for guardrails, concrete paving, and low-volume asphalt paving (typically in rural areas with fewer suppliers). In general, construction costs increase at a faster pace than the Consumer Price Index (CPI). The Department experienced a large amount of cost inflation between 2013 to 2016 in bid-prices as a consequence of the 2013 flood and subsequent flood-recovery projects.

The Department utilizes the Colorado Construction Cost Index, which can be found on the Department's website [here](#).

- 6 How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?

Response

CDOT is not a "caseload" Department, however the annual increase in the state's population results in difficulty for the Department to keep pace with infrastructure needs as greater wear and tear on the highways and greater mobility needs continue to increase within the State.

- 7 In some cases, the roles and duties of existing FTE may have changed over time. Please list any positions that have been created in the Department since FY 2018-19 that were not the result of legislation or a decision item.

For all FY 2021-22 budget requests that include an increase in FTE:

- a. Specify whether existing staff will be trained to assume these roles or these duties, and if not, why;
- b. Specify why additional FTE are necessary; and
- c. Describe the evaluation process you used to determine the number of FTE requested.

Response

CDOT has not created any new positions not resulting from legislation since FY 2018-19 and does not have any requests that include an increase in FTE for the FY 2021-22 budget.

- 8 Please describe any programmatic impacts resulting from cash fund transfers impacting the department as part of the FY 2019-20 and FY 2020-21 balancing process.

Response

While the Department was not directly impacted by cash fund transfers, the budget balancing process impacted the Department's budget in two primary ways.

First, the Department was impacted by changes made in House Bill 20-1376. This bill repealed the annual \$50 million General Fund transfer to the State Highway Fund in FY 2020-21 and FY 2021-22. The amount of these transfers was originally contingent on the passage of a transportation ballot measure, and would have been used to pay the Department's share of debt service expenditures related to SB 17-267. Second, this bill increased CDOT's share of debt service related to SB 17-267 lease-purchase agreements by \$12 million, to \$62 million, for FY 2020-21 and FY 2021-22. Cumulatively, this increased the Department's anticipated debt service expenditures by \$124 million. This funding was transferred from strategic projects to pay debt service expenditures.

Due to favorable interest rates, the state received an additional premium on the last SB 17-267 issuance, receiving a total of \$608.8 million in FY 2019-20. House Bill 20-1377 transferred \$49 million from the FY 2019-20 issuance premium to the Capital Construction Fund for statewide controlled maintenance projects. This decreased the amount of funding that would have otherwise gone to CDOT, and reduced the available funding for strategic projects.



COLORADO
Department of Transportation

Joint Budget Committee
January 5, 2021



Presenters

Shoshana Lew : Executive Director

Karen Stuart: Chair, Transportation Commission

Jeff Sudimeier: Chief Financial Officer

Stephen Harelson: Chief Engineer



CDOT's Budget



FY 2021-22 Sources of Revenue

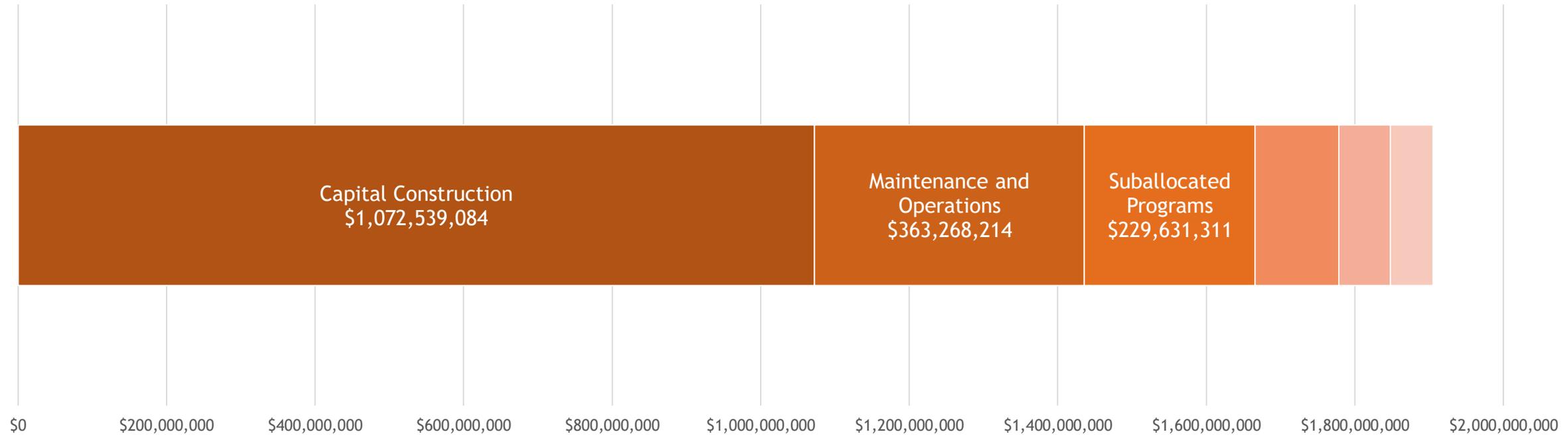


- Bridge Enterprise - \$125,414,441
- Miscellaneous - \$31,856,809
- Aeronautics - \$25,999,999
- High Performance Transportation Enterprise - \$22,845,717
- Multimodal, State Safety Education, Capital Construction Fund, State Infrastructure Bank - \$9,942,000

**Total -
\$1,905,094,886**



FY 2021-22 Uses of Revenue



- Administration & Agency Operations - \$112,989,257
- Multimodal Services - \$69,539,270
- Other Programs, Debt Service, Contingency - \$57,127,849

**Total -
\$1,905,094,886**



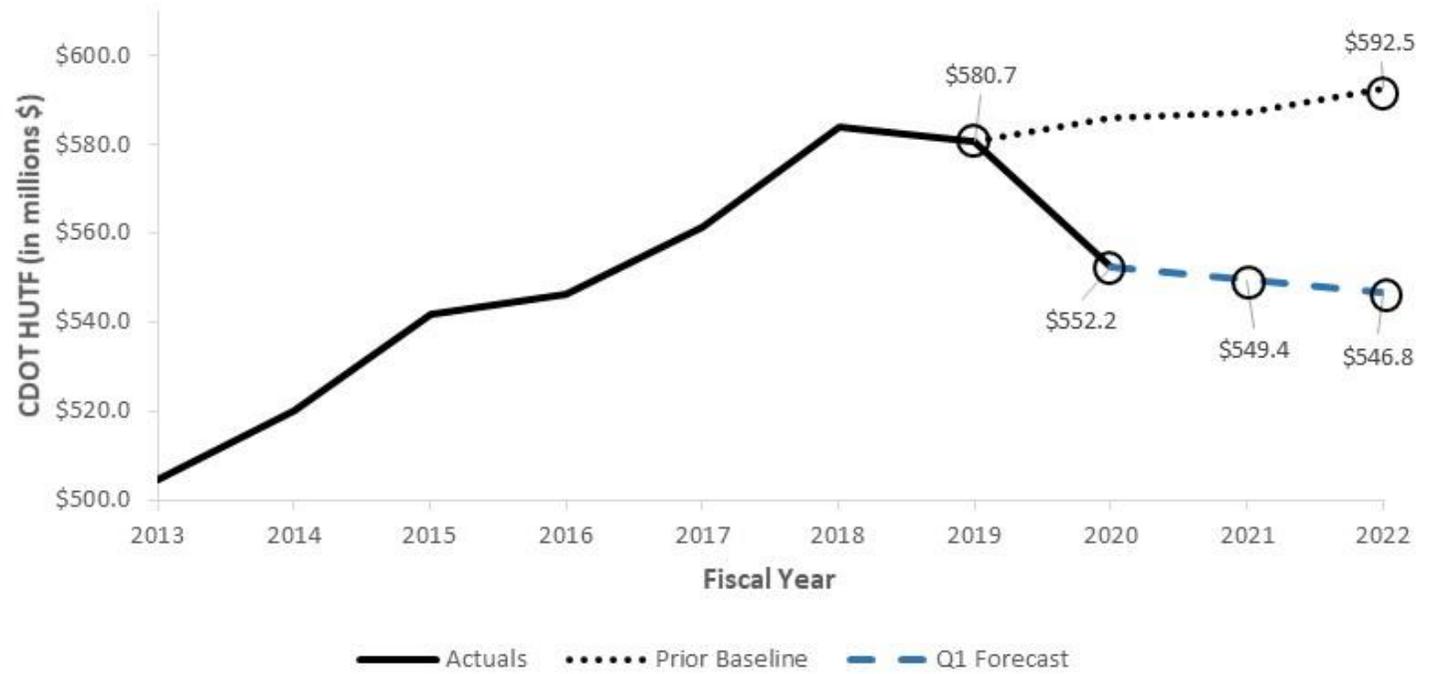
FY 2021-22 Revenue Forecast

The FY 2021-22 Annual Budget is balanced using the September 2020 HUTF revenue forecast, which reflects a budget shortfall of \$45.7 million relative to revenue that was forecasted for FY 2021-22 prior to the COVID-19 pandemic.

	Pre-COVID Forecast	CDOT September Forecast	Shortfall
FY 2019-20	\$586.0	\$552.3	(\$33.7)
FY 2020-21	\$587.00	\$549.4	(\$37.6)
FY 2021-22	\$592.5	\$546.8	(\$45.7)

CDOT HUTF Forecast (FY 21 Q1)

Q1 Forecast & Prior Baseline
 FY 13 - FY 22 (In millions \$)





This bill made several changes to CDOT's General Fund revenue and debt service payments, including:

- Suspending annual General Fund transfer of \$50 million for FY 2020-21 and FY 2021-22
- Increased by \$12 million (to a total of \$62 million) CDOT's portion of SB 17-267 debt service for FY 2020-21 and FY 2021-22



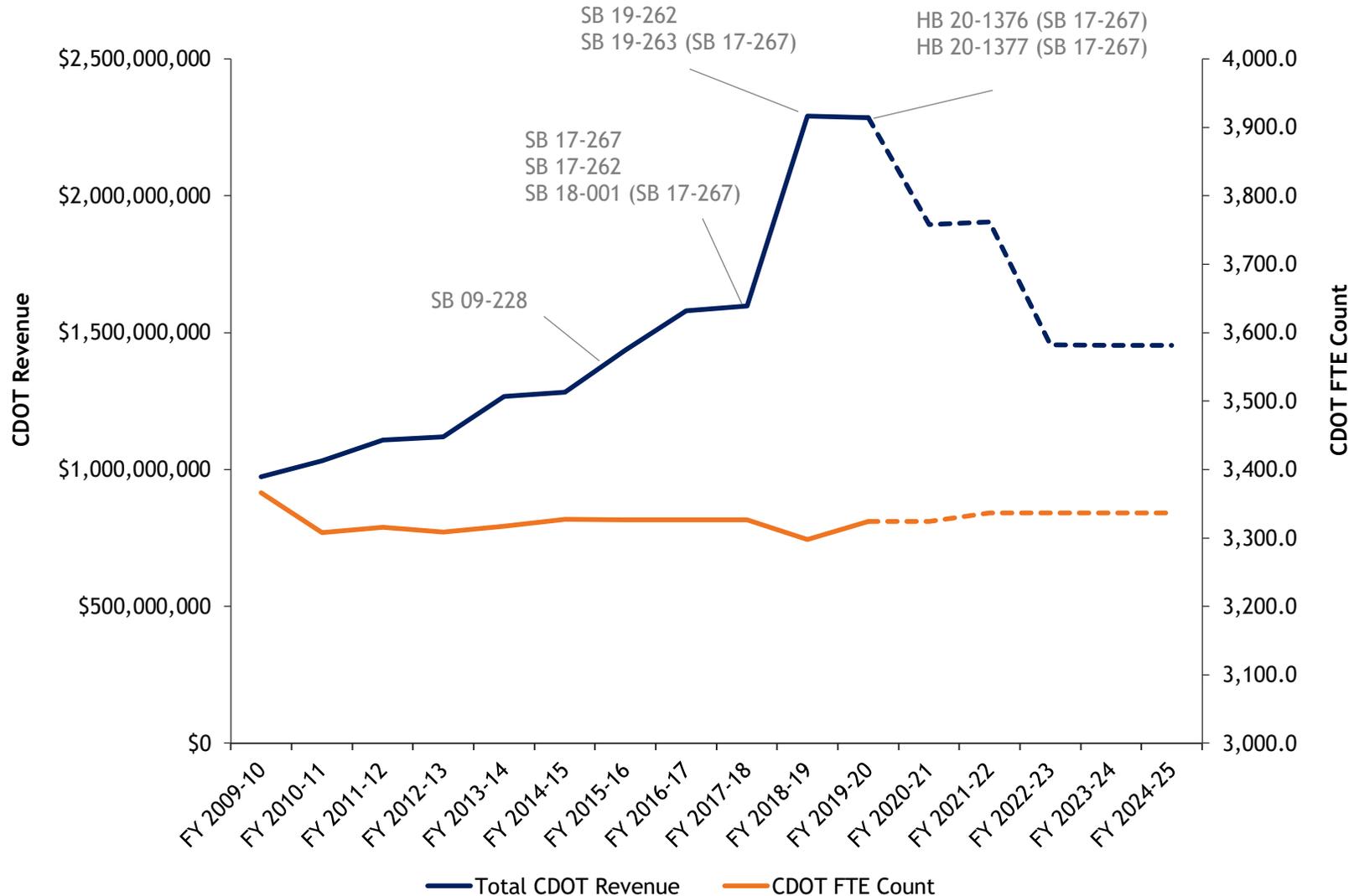
CDOT Budget Reductions

The Transportation Commission approved several budget reductions in FY 21 response to declining revenues caused by the pandemic. Some reductions carried forward into FY'22.

Item Description	Amount
Surplus Debt Service	\$21.5
Cancelled Defeasance of Building COPs	\$20.8
Roll Forward Reversions	\$16.2
Program Review - Discretionary Programs	\$4.4
Division Reductions	\$2.2
TOTAL	\$65.1 million



CDOT Budget History





Proposed Stimulus Funding

Shovel Ready Projects

EJMT repairs



Denver Metro West I-70 Bridges



Shovel ready rural road rehabilitation and maintenance in tourism corridors and scenic byways



Wildlife migration corridor enhancements



Revitalizing Main Streets

The Revitalizing Main Streets program supports projects that provide open spaces for mobility, community activities, and economic development in the wake of the pandemic.

As of December, 2020, CDOT awarded \$2,692,674 in 63 grants to communities across the state.





Safer Main Streets

Safer Main Streets Grant Program

- Developed to support infrastructure projects that improve safety and accessibility along urban arterials.
- 30 projects from across the Denver metro area selected to date
- 83% include or are near existing transit
- 65% are on or along state highways
- \$83M total project leverage from \$58M investment, including local match





Federal COVID Relief & FY21 THUD



Federal COVID Relief & FY21 THUD

Legislation established a **\$900 billion** COVID relief package and a **\$1.4 trillion FY 2021** omnibus appropriations package (including the FY 2021 Transportation and Housing and Urban Development—or THUD—bill) and various other pieces. :

- **\$10 billion** for surface transportation based on FAST Act obligation limitation
 - \$9,840,057,332 for Surface Transportation Block Grant Program (STBGP) - more on this in next slide
 - Remaining funds for Tribal Transportation Program, Puerto Rico Highway Program, and Territorial Highway Program
- About 14 percent of highway funds are sub-allocated only to localities over 200,000 in population
- **\$2 Billion** for airports and airport concessionaires
- **\$15 Billion** for mass transit that will distributed using FTA formulas



FY21 Federal Appropriations

Highway Bridge and STBGP Supplemental Funds Contained in FY21 Appropriations

- STBG should expect to see another \$8.75M distributed
- Colorado will receive at least \$6M in additional Bridge funds and could receive more based on a formula of Colorado's poor bridge deck area as it relates to the national total poor deck area.
 - In the previous allocation last year CDOT only qualified for the minimum, so CDOT will likely get only the \$6M
- These funds will require the normal state/local match, or utilize toll credits
- These funds do not have the same provision for maintenance, salaries or operations as the COVID stimulus package
- Scenic Byway and Competitive grant funding. \$16M and \$50M nationally, but no distribution methodology provided. Anticipate competitive applications will be required.

Taken together, these two provisions (COVID Relief and FY 21 Supplemental Funds) would provide Colorado approximately \$150M.



CDOT Resiliency Planning



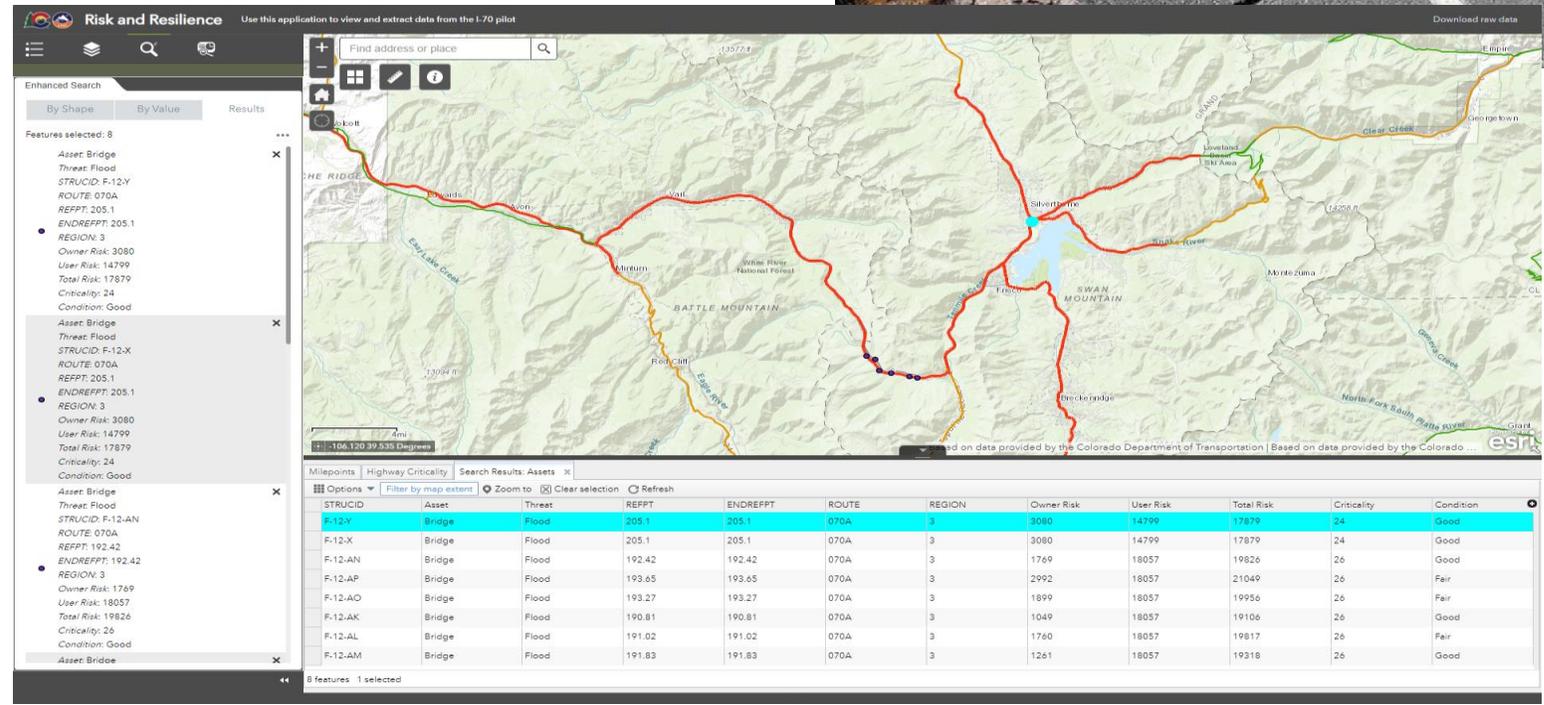
CDOT Resiliency Planning

Resilience is the ability to keep our roads open and functional in the face of unexpected events and challenges

The I-70 Risk and Resilience Pilot, completed in late 2017, is a first-of-its kind approach, quantifies risks along the 450 miles of I-70 from the Utah border in the west to the Kansas border



In 2018, the Transportation Commission adopted Policy Directive 1905.0, which directs CDOT to support state resilience goals by incorporating resilience in strategic decisions about transportation assets and operations.



Eisenhower Johnson Memorial Tunnels



- Approximately \$100 to \$150M needed to address unmet asset management needs
- Applying for a federal grant for \$2.5M toward \$4M needed to replace the generators (original from 1970s) in the tunnels.
 - The tunnels currently rely upon two, natural gas 500 kw/hour generators for emergency backup power.

Avalanche mitigation on Loveland pass

- The new system is safer and reduces road closures that affect heavy ski traffic in the area.
- Fewer technicians are required to conduct mitigation, allowing more CDOT employees to focus on plowing and conducting other essential activities in the Summit County area.
- The new Avalanche Guard equipment will not affect the existing Gazex avalanche control system on US 6 Loveland Pass, which is located further north.





Central 70 Update





Central 70 Currently

58.6% complete overall (99.6% design completion and 51.8% construction complete) thru September 2020.

Project continues to be on budget and on track to be largely complete by the end of 2022.

Contractor and CDOT negotiated with railroad to mitigate project delays.



Central 70 Workforce Highlights

On the Job Training

- ✓ Goal: 200,000 Hours
- ✓ Hours Achieved: 177,255 (through 9/2020)
- ✓ OJT/Apprentice Graduates: 18

Local Hire

- ✓ Goal: 760,000 Hours
- ✓ Hours Achieved: 650,257 total hours
- ✓ Local craft workforce: 24%
- ✓ Owner Operators/Working Owners from local zip codes: 57

Subcontractors on Central 70

552 Total Subcontractors

432 Total Colorado Based Subcontractors on Central 70:

\$233,580,036 paid to Colorado Firms (To Date)

33 Prime Colorado Based Firms with substantial contract values

Total Contract Value \$274,809,261

135 Colorado Based DBE Firms

\$75,020,106.00 paid to Colorado DBE Firms (To Date)

11 Prime Colorado Based DBE Firms with substantial contract Values

Total contract value \$78,649,344



Efficiency/Accountability



A Continuing Culture of Accountability

CDOT believes it's essential to be clear with taxpayers about where their dollars are going.



Surface treatment, bridge rehabilitation, and guardrail improvement project on US 50 in Fremont county

In 2020:

- Major changes to budget practices, and realization of cost savings department wide.
- Set up project dashboard to show the budgets on different projects so everyone can see where the dollars are going.
- Taken additional measures to tighten controls on purchasing to reduce risk and increase efficiency of spending.
- Addressing contracting and ensuring transparency in bid process.



Efficiency and Accountability

Just as important as establishing a project pipeline is creating **transparency and accountability structures** that let the public see the progress on projects and how dollars are being spent.

- **Increasing project transparency** through public reporting and dashboards on project management and project costs.
- **Setting new spending targets** to maximize dollars on transportation improvements that people can see.
- **Doubling down on project management** using best practices and new tools to tighten financial and project controls to clearly show expenses that track multiple years.
- Spending every dollar – across the department – as wisely as possible by **cutting discretionary costs** within CDOT.



<https://www.codot.gov/programs/your-transportation-priorities/projects-funded>



Efficiency and Accountability

Significant Cost Savings

In FY 20, CDOT identified nearly **\$25 million in cost savings** and program reductions, including repurposing funds previously invested in costly non-core initiatives.

In FY 21, CDOT reverted more than **\$16 million** in operating budgets from savings in FY 20, and further reduced FY 21 operating budgets by \$2 million.

CDOT **reduced our Administration budget**, excluding common policy, **by 5.8% in FY 21**. Many of these reductions are carried forward in our Draft FY 22 budget, including **another 5.5%** reduction in our Administration budget, excluding common policy.

Capital construction indirect expenditures are down nearly 7% over the last year and **down 28% in FY 21 Q1** versus the same quarter last year.



A recent project on CO 69 from Westcliffe to Hillside in Custer County resurfaced almost 13 miles, including critical bridge repairs and safety improvements (December 2020.)



Contracting Information



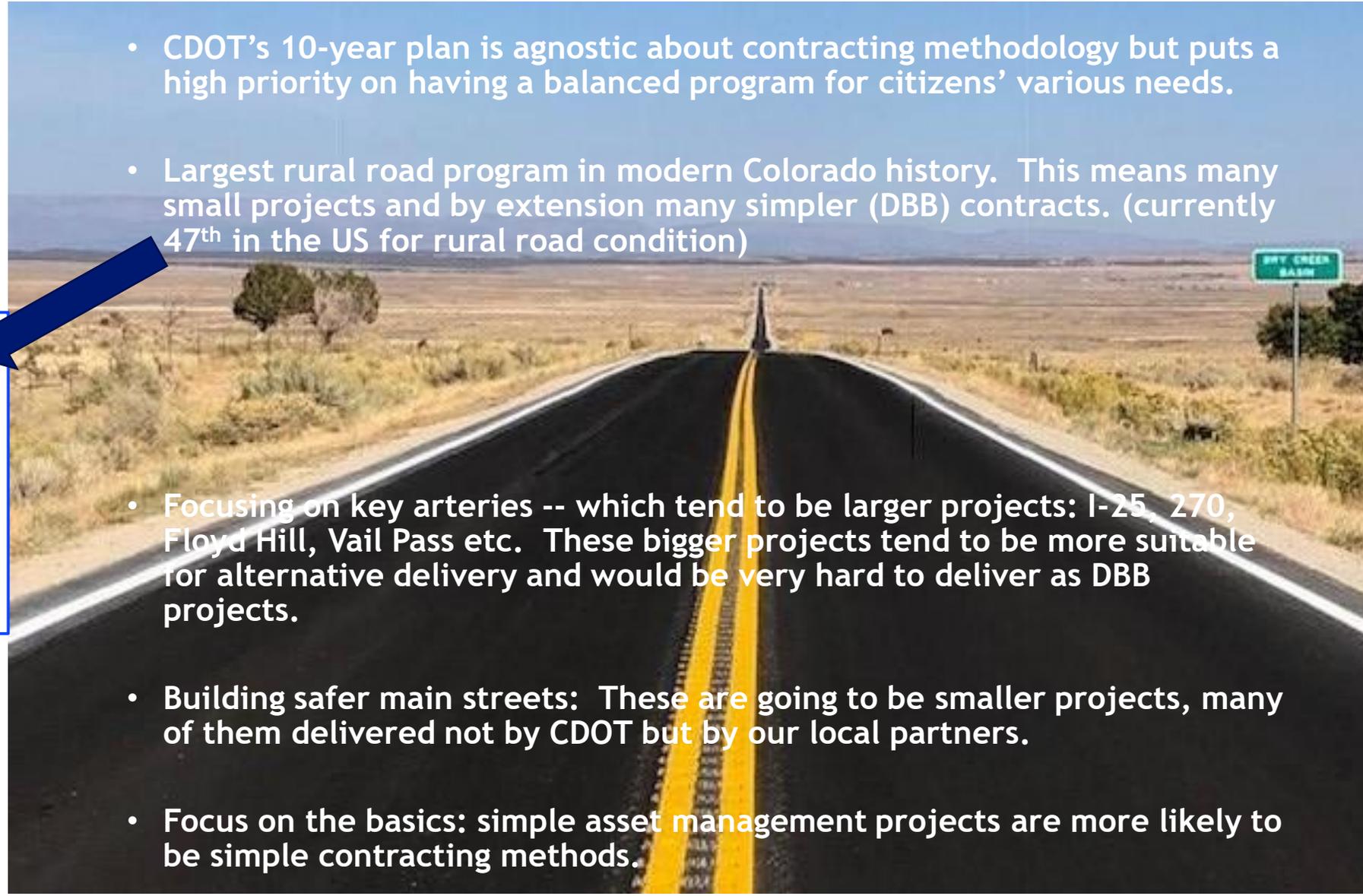
A Balanced Program

Delivering quality for all Coloradans

Rural Road Program:

- \$337M dedicated to rural road pavement
- 41 rural road projects
- Improve more than 500 miles of rural roads statewide

- CDOT's 10-year plan is agnostic about contracting methodology but puts a high priority on having a balanced program for citizens' various needs.
- Largest rural road program in modern Colorado history. This means many small projects and by extension many simpler (DBB) contracts. (currently 47th in the US for rural road condition)
- Focusing on key arteries -- which tend to be larger projects: I-25, 270, Floyd Hill, Vail Pass etc. These bigger projects tend to be more suitable for alternative delivery and would be very hard to deliver as DBB projects.
- Building safer main streets: These are going to be smaller projects, many of them delivered not by CDOT but by our local partners.
- Focus on the basics: simple asset management projects are more likely to be simple contracting methods.





Demystifying Alternative Delivery

- Federal Highway Administration encourages these methods and allow for different forms of “risk sharing”, which makes the contractor accountable for the design component as well as for building it.
- In order to serve the public interest, CDOT does not focus on any certain contractor’s specialty, but instead identifies projects, large and small, that serve the needs of all Coloradans.





What is Alternative Delivery?

- Alternative delivery is a method of including design and construction work within the same contract, as opposed to the design being separate from the construction contract.
- Two major types: Design Build and Construction Manager/General Contractor (CMGC). These contracts make the awardee accountable for the majority of the design, including the engineering design, which shifts risk to the contractor and away from the state.
- To be clear, comparing the price of alternative delivery contracts and design bid build contract is not an apples-to-apples comparison.



When Does It Work Well?



Most large projects in modern CO History have been constructed with some form of alternative delivery.

At the same time, design bid build often works best for smaller and simpler projects, which are equally important but different.

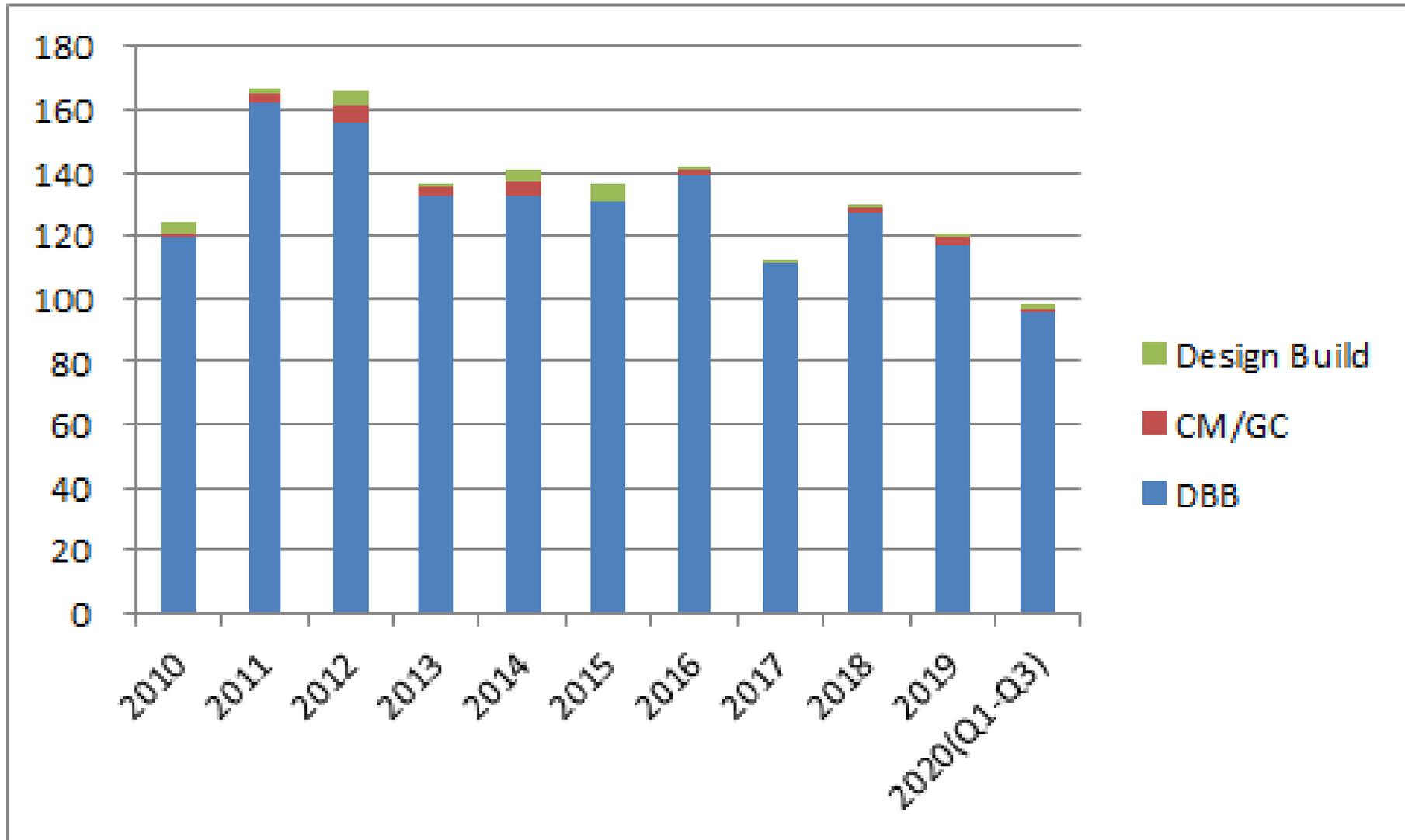
Limiting tools would effectively limit the kinds of projects that can be built in a very diverse state with diverse needs

Alternative delivery does not work for all projects and tends to be better suited for

- larger construction projects (Central I-70, TREC, Glenwood Canyon)
- emergency events, (US 36 emergency repair)
- other complex/multivariable projects with integrated design and construction teams from the beginning (multiple phases of I-25 reconstruction, north and south).

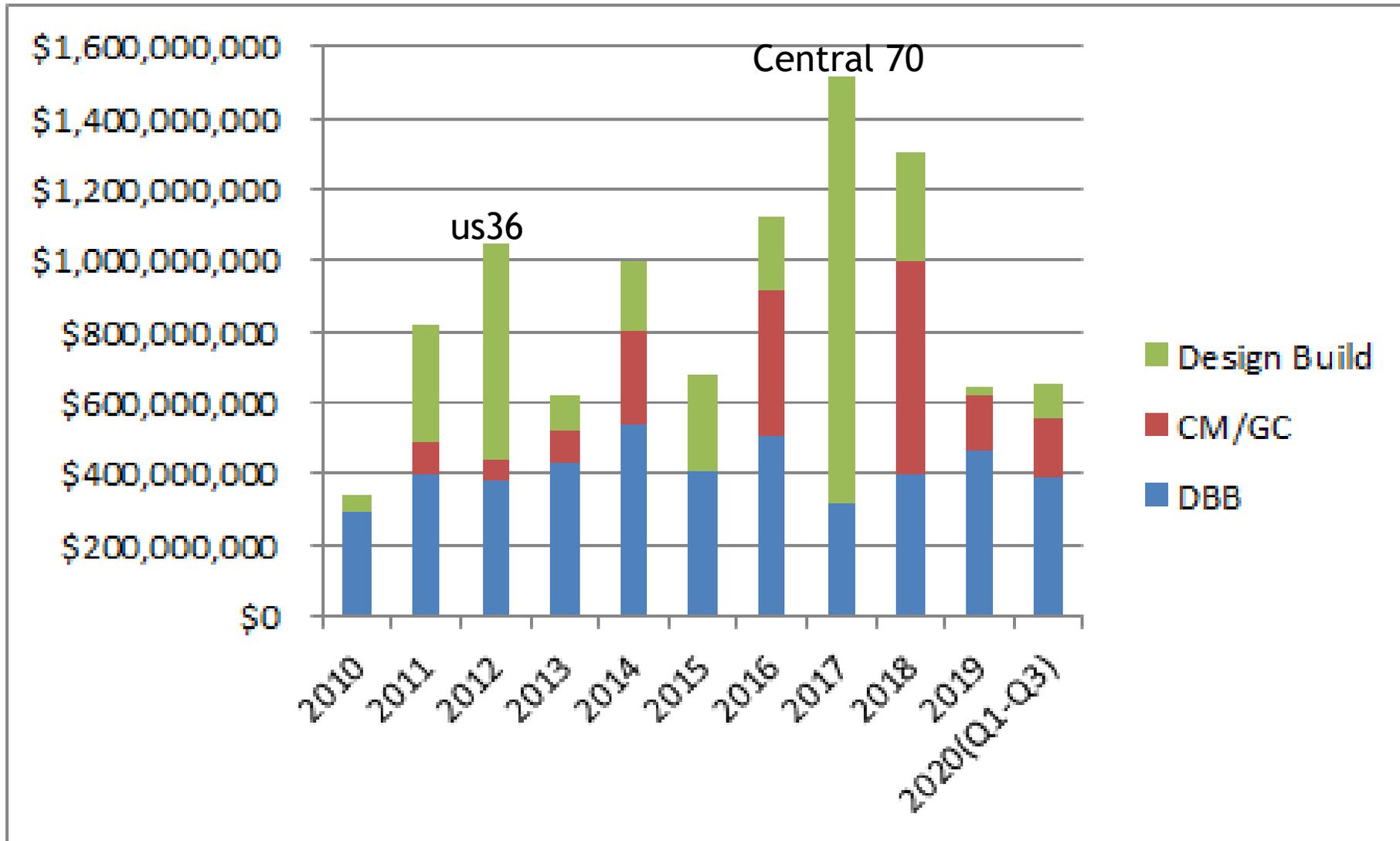


Projects by Type and Number 2010-2020





Projects by Type and Value 2010-2020





Contractors by Type

Since 2012

Project Type	Number of Projects	Cost
CM/GC	15	
DB	13	
Streamline DB	4	
Modified DB	1	
Emergency (CMGC like)	2	
Totals	35	

35 innovative contracts since 2012 with 18 contractors

Project Type	Number of Projects	Cost
DBB	1,184	\$3.95B

185 different contractor innovative contracts since 2012 with 18 contractors



Transit



RTD has a dedicated local funding stream separate from state funds.

CDOT does not have plans to dedicate departmental funds to RTD. CDOT's funding is restricted and limited in the flexibility of uses.

RTD received \$232M directly from CARES Act

CDOT administered \$39.75M of CARES funding for 41 transit agencies in the non-urban areas (10 of 15 TPR areas)

Both the state and local governments are especially reliant on the FHA base funding levels given the loss of gas tax and other revenue during this pandemic



CDOT Transit Accomplishments

✓ Mobility Hubs

- 10/18 open today. Goal is 13/18 by 2023.

✓ Integrating Transit Into Key Corridors

- Region 2, Bijou Street Storage and Maintenance Facility - Construction
- Region 3, Winter Park Maintenance Facility - Design
- Region 3, RFTA: Aspen Maintenance Facility Improvements - Completed
- Region 3, Summit County Transit Operations Center - Design

✓ Bustang and Outrider services reopening around the state.

- Currently operating on a reduced schedule.
- West & North = 5 days/week; South = 7 days/week
- Outrider back on its regular schedules; Opening four new lines in 2021.

✓ Distributed \$1M of transit funds the JBC dedicated towards senior transit programs statewide.



A pilot project introducing bike lanes in downtown Paonia.



COLORADO

Department of Transportation

Questions?

