

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 STAFF BUDGET BRIEFING DEPARTMENT OF TRANSPORTATION

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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**FY 2007-08 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

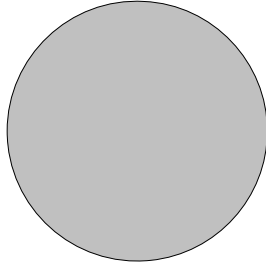
DEPARTMENT OF TRANSPORTATION

TABLE OF CONTENTS

Graphic Overview	1
Department Overview	2
Decision Items	11
Overview of Numbers Pages	12
Numbers Pages	13
Long Bill Footnote Update	20
Issues:	
Department of Transportation's Mission, Goals, and Performance Measures ..	22
Limited Gaming Funds Used for State Highway Maintenance	26
Department of Transportation Statutory FTE Cap	32

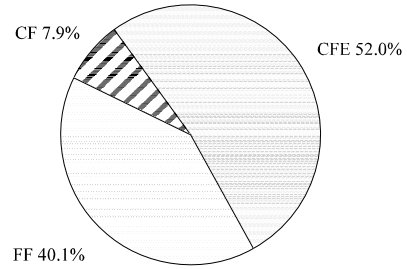
DEPARTMENT OF TRANSPORTATION GRAPHIC OVERVIEW

**Share of State General Fund
FY 2006-2007**

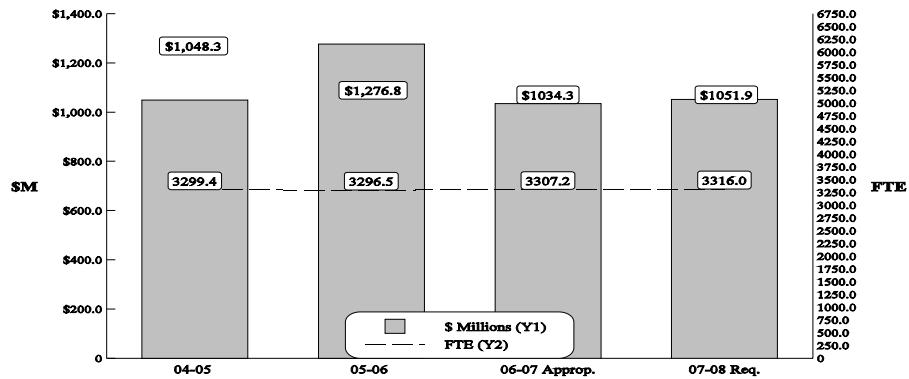


No General Fund

**Funding Source Split
FY 2006-2007**



Budget History



DEPARTMENT OF TRANSPORTATION OVERVIEW

Key Responsibilities

- Operates the 9,156 mile state highway system, which includes 3,754 bridges and handles over 27 billion miles of vehicle travel.
- Manages over 150 highway construction projects statewide.
- Maintains the state highway system, including repairing road damage, filling potholes, plowing snow, and applying sand to icy roads.
- Assists in development of statewide, multi-modal transportation system by providing assistance to local transit systems in the state.
- Develops and implements the State's Highway Safety Plan, including efforts to combat drunk driving, encourage seatbelt use, enforce speed limits, and reduce traffic fatalities.
- Maintains the statewide aviation system plan, provides technical support to local airports regarding aviation safety, and administers both entitlement reimbursement of aviation fuel tax revenues as well as discretionary grants to local airports.

Factors Driving the Budget

Reduced General Fund Expenditures for Highway Construction Projects

In 1995, the Transportation Commission approved a 20-Year Transportation Plan which estimated that projected revenues over the next 20 years would be \$8 billion short of the amount required to complete priority state transportation projects. In 1996, the Strategic Corridor Projects plan identified 28 high priority projects of statewide significance needing to be expedited, called the "7th Pot" projects. In response to those transportation plans, the General Assembly started providing General Fund moneys to the Department of Transportation from Capital Construction Fund appropriations, S.B. 97-1 sales and use tax revenues diversions (specifically for the "7th Pot" projects), and Limited Gaming Fund moneys to assist in completion of priority transportation projects. Again in 2000, a new 20-Year Transportation Plan indicated a \$1.9 billion shortfall in funding for state transportation needs. The General Assembly later passed H.B 02-1310/S.B. 02-179 which directs two-thirds of any General Fund excess reserve to the Department of Transportation.

The most recent Department long-term planning document, the 2030 Statewide Transportation Plan from February 2005, projects that State (\$28 billion) and Local (\$47 billion) revenues through 2030 will total \$75 billion. The Department estimates that it will take a minimum of \$123 billion in revenues (State \$67 billion and Local \$56 billion) through 2030 just to sustain existing service levels.

During the recent economic downturn General Fund sources had mostly disappeared, with

the exception of some annual appropriations from the General Fund share of the Limited Gaming Fund year-end balance, and current and projected General Fund excess reserve transfers. After the passage of Referendum C, forecasts now show that these funds may be available to the Department once again. However, as the tables below show, this additional revenue will not be sufficient to cover the long-term revenue gap projections of the 2030 Statewide Transportation Plan.

**Transportation Funding (GF Diversions)
Historical Data
(in millions)**

	99	00	01	02	03	04	05	06	Totals
Capital	\$100.0	\$1.5	\$51.1	\$0.0	\$0.0	\$0.0	\$0.0	\$10.0	\$162.6
S.B. 97-1	171.9	186.8	197.2	35.2	0.0	0.0	0.0	220.4	811.5
Gaming	2.0	2.3	5.1	5.0	1.0	0.0	0.0	0.0	15.4
H.B. 02-1310	n/a	n/a	n/a	n/a	0.0	5.6	81.2	65.3	152.1
Totals	\$273.9	\$190.6	\$253.4	\$40.2	\$1.0	\$5.6	\$81.2	\$295.7	\$1,141.6

**Transportation Funding (GF Diversions)
Five Year Projection*
(in millions)**

	07	08	09	10	11	Totals
Capital**	\$15.0	\$20.0	\$20.0	\$20.0	\$20.0	\$95.0
S.B. 97-1	229.0	229.4	239.6	228.5	209.5	1,136.0
Gaming***	5.3	14.3	0.0	0.0	0.0	19.6
H.B. 02-1310	291.7	14.1	0.0	0.0	0.0	305.8
Totals	\$541.0	\$277.8	\$259.6	\$248.5	\$229.5	\$1,556.4

* Taken from JBC staff November 14, 2006 document "Overview of FY 2007-08 Budget Request," General Fund Overview section. Based on Legislative Council September 2006 Revenue Estimate. The estimate includes bills passed during the 2006 Session and Special Session, Governor's actions, and, June 2006, September 2006, and October 2006 1331 Supplemental Requests.

** Based on Legislative Council Staff March 2006 Projections. JBC has taken action on FY 06-07 only.

*** Pursuant to Section 12-47.1-701 (c) (I), C.R.S., the General Assembly shall determine and appropriate an amount as a separate line item to be transferred to the State Highway Fund for Gaming Impacts. Staff has included the amount appropriated for FY 06-07 and the Department's request for FY 07-08. Staff has not included an amount for each year after FY 2007-08 because the General Assembly makes a determination on a year-by-year basis.

Transportation Revenue Anticipation Notes (TRANS)

In 1999, H.B. 99-1325 was enacted and a referendum was submitted to and approved by voters in November 1999. This referendum authorized the Department to borrow up to \$1.7 billion by selling TRANS bonds, and to use these proceeds to accelerate construction on the "7th Pot" projects. In effect, the bill and referendum (Section 43-4-701, C.R.S.) allowed the state to borrow against future federal and state funding as a "multiple-fiscal year obligation" approved by the voters under TABOR. Thus the proceeds from TRANS are exempt from TABOR limitations, and the debt service payments on the TRANS are exempt from TABOR spending limits.

There are other limits on the TRANS bond program in the legislation, besides the \$1.7 billion maximum principal issuance amount:

- the proceeds must be used on the "7th Pot" projects;
- the maximum repayment amount is set at \$2.3 billion (There is federal legislation that permits the use of federal funds to pay debt service on bonds intended to be used on transportation projects eligible for federal funding, as long as there is a minimum state match of 20 percent. Colorado has an agreement with the Federal Highway Administration of a minimum 50 percent state match on the debt service payments.);
- the highest debt service payment for a given year cannot exceed 50 percent of the previous year's federal funding received by the state; and
- the repayment of the bonds may be from federal funds, state-matching funds, bond proceeds, or interest earnings.

Pursuant to Section 43-4-713, C.R.S., the Department is required to submit a TRANS report to the Joint Budget Committee by January 15. Below are two tables summarizing the January 15, 2006 report. The first table summarizes the total debt service by fiscal year and the second table lists the TRANS projects.

Fiscal Year	TRANS Debt Service
2000-01	33,791,818
2001-02	66,812,891
2002-03	71,140,530
2003-04	65,207,424
2004-05	84,787,098
2005-06	167,990,650
2006-07 through 2016-17	1,810,267,269
Total	2,299,997,680

Corridor	Description	TRANS Proceeds	Status
01	I-25, US50 to SH47 Interchange	\$ 15,349,890	Complete
02	I-25 S Academy to Briargate	99,589,926	Complete
03	I-25/US36/SH270	62,354,795	Ongoing
04	I-225 & Parker	51,468,482	Complete
05	I-76 / 120th Ave	20,494,593	Complete
06	I-70 /I-25 Mousetrap Renovation	33,344,451	Complete
07	I-25 Owl Canyon Rd to Wyoming	0	Complete
08	I-70 East Tower Road to Kansas	52,102,632	Complete
09	North I-25 / SH7 - SH66	43,321,536	Complete
10	US50 Grand Jct to Delta	40,219,997	Complete
11	US285 Goddard Ranch Court to Foxton Rd	26,397,379	Complete
12	South US287 Campo to Hugo	41,310,748	Ongoing
13	US550 New Mexico State Line to Durango	47,436,186	Ongoing
14	US40 Winter Park to Berthoud Pass	26,659,652	Complete
15	US550 New Mexico State Line to Durango	18,780,177	Ongoing
16	US160 Jct SH3 to Florida River	25,762,559	Ongoing
17	C-470 Extension	181,482	Complete
18	US34 & I-25 to US85	0	Complete
19	US287 Broomfield to Loveland	38,060,099	Complete
20	Powers Blvd, Colorado Springs	51,346,759	Ongoing
21	SH82 Basalt to Aspen	123,369,998	Complete
22	Sante Fe Corridor	0	Complete
23	Southeast Corridor I-25, Broadway to Lincoln TREX	476,929,423	Complete
24	East Corridor MIS	0	Ongoing
25	West Corridor MIS	4,418,921	Ongoing
26	I-70 West EIS	52,112,438	Ongoing
27	I-25 South Corridor Denver to Colorado Springs	91,206,596	Ongoing
28	I-25 North Corridor Denver to Fort Collins	45,346,282	Ongoing
Total Issuance		\$ 1,487,565,001	

Summary of Major Legislation

- ✓ **H.B. 06-1003 (Pommer/Williams): Concerning Private Toll Roads and Toll Highways and Specifying Requirements That Must Be Met Before a Corporation Can Construct a Private Toll Road or Toll Highway.** Sets out various restrictions, requirements, and authorizations for a corporation forming a toll road company. It states that a corporation constructing a private toll road does not have the power to use eminent domain to acquire right-of-way for the toll road or highway. The bill allows a corporation to enter into a public-private initiative with the Colorado Department of Transportation (CDOT) to enable the construction of a toll road.
- ✓ **H.B. 06-1033 (Coleman/Takis): Concerning Modification to the Timing of Surplus General Fund Allocations to the HUTF and the Capital Construction Fund.** Changes the timing of the distribution of the General Fund surplus. Under current law, any revenue that is above the state's 4 percent reserve requirement, also known as the General Fund surplus, is allocated to the Highway Users Tax Fund (HUTF) and the Capital Construction Fund (CCF) at the end of the state's fiscal year. Under this bill, on September 20, the State Controller will allocate 90 percent of the General Fund surplus estimated at that time to the HUTF and the CCF. When the Comprehensive Annual Financial Report is complete, the State Controller will allocate the remainder.
- ✓ **H.B. 06-1244 (Hall/Owen): Concerning a Grant of Authority to the Transportation Commission to Allocate Moneys from the Aviation Fund for the Administrative Costs of the Aeronautics Division in the Department of Transportation.** Eliminates the requirement that the General Assembly appropriate revenue from the Aviation Fund for administrative costs of the Division of Aeronautics in the Colorado Department of Transportation. Instead, requires the Colorado Transportation Commission to budget and allocate fund revenues for the Division's administrative costs. The bill also requires the Colorado Aeronautical Board to recommend to the Commission the amount to be allocated.
- ✓ **H.B. 06-1257 (Green/Keller): Concerning Noise Mitigation Measures Along State Highways.** Allows citizens living next to state highways to apply to the Colorado Department of Transportation for the construction of specified noise mitigation barriers along the highway if a local government in the area has adopted an ordinance to mitigate noise in future residential or other noise-sensitive developments along a highway and 75 percent of the households in the area closest to a highway sign a petition supporting noise mitigation. If a local government in an eligible area has not agreed to provide at least 50 percent of the noise mitigation funding, a homeowner may apply *only* if the area was residential before the highway was constructed or widened.
- ✓ **H.B. 06-1398 (Plant/Owen): Concerning Clarification of the Manner in Which the Transfer of Net Revenue of the State Sales and Use Tax to Specified Funds as**

Currently Authorized by Law is to be Administered. Clarifies procedures used to divert General Fund revenues to the Highway Users Tax Fund (HUTF), often referred to as the "Senate Bill 97-1 transfer". Creates the Sales and Use Tax Holding Fund ("Holding Fund") and requires 10.355 percent of net sales and use tax revenues that are currently credited directly to the HUTF to be credited to the Holding Fund. Beginning in FY 2006-07, requires the State Treasurer to make the following periodic transfers of funds from the Holding Fund to the HUTF:

- *October 15* (this transfer is to occur in FY 2006-07 only): if the September Legislative Council Staff (LCS) revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer 25 percent of the estimated HUTF diversion for that entire fiscal year;
 - *February 1*: if the December LCS revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer an additional amount so that the cumulative amount transferred equals 50 percent of the estimated HUTF diversion for that entire fiscal year;
 - *April 15*: if the March LCS revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer an additional amount so that the cumulative amount transferred equals 75 percent of the estimated HUTF diversion for that entire fiscal year;
 - *September 20*: transfer an additional amount so that the cumulative amount transferred for the previous fiscal year equals 90 percent of the amounts accrued by the State Controller to the HUTF on June 30; and
 - *Close of the fiscal year* (the date on which the State Controller distributes the Comprehensive Annual Financial Report of the State for the previous fiscal year): transfer an additional amount so that the cumulative amount transferred for the previous fiscal year equals 100 percent of the amounts accrued by the State Controller on June 30 of the previous fiscal year.
- ✓ **H.B. 05-1122 (Coleman/Groff): Concerning Alcoholic Beverages in Motor Vehicles.** Makes it a class A traffic infraction for a person knowingly to drink an alcoholic beverage or possess an open alcoholic beverage container in the passenger area of a motor vehicle while the vehicle is on a public highway or the right-of-way of a public highway. The bill conforms the state to the provisions of the Federal Transportation Equity Act for the 21st Century (TEA-21), which requires that states adopt an open container law or risk having federal highway construction funds redirected to safety education programs. This allows federal highway construction funds, which had been redirected by the federal government to safety programs, to be distributed for highway construction once again.
- ✓ **H.B. 05-1148 (Madden/Mitchell): Concerning the Statewide Tolling Enterprise.** Establishes a separate account within the Statewide Tolling Enterprise special revenue fund for toll revenues from each toll highway corridor. Requires toll revenues to be used within the toll highway corridor in which they were collected except that some of

the revenues may be used for the enterprise's general operating costs and expenses. Specifies the board of the enterprise must develop a plan for the construction of a toll highway, and each toll highway plan in a system must be separately approved by each metropolitan planning organization or regional planning commission that is located in whole or in part within the toll highway system.

- ✓ **H.B. 04-1021 (Briggs/McElhany): Concerning the Consumption of Alcohol - DUI - Reduced BAC.** Lowers the blood alcohol content (BAC) level for driving under the influence (DUI) to the federally mandated .08 grams per 100 ml from the .10 BAC level. This allows the Department to receive withheld federal funds for FY 2003-04 and future federal funds through FY 2006-07 that would have been withheld.
- ✓ **H.B. 04-1456 (Berry/McElhany): Sale and Lease Back of Non-right-of-way Property - Renovation Fund.** Authorizes and establishes requirements for the Department of Transportation to sell and lease back non-rights-of-way property. Creates the Department of Transportation Renovation Fund in which proceeds of the sales (expected to be \$9.0 million) will be deposited, and continually appropriates moneys from the fund for renovations to the Department headquarter complex.
- ✓ **S.B. 03-049 (Sandoval/Hall): Modification of Method for Appropriation of Aviation Fund Moneys by the General Assembly.** Changes the Aviation Fund moneys appropriation requirement of being annually appropriated to now being continuously appropriated to the division for the purposes authorized by law. This allows the required formula refunds to local airports occurring near the end of the fiscal year to be disbursed without the delay of needing annual appropriation authority from the General Assembly.
- ✓ **H.B. 02-1310 (King/Fitz-Gerald)/S.B. 02-179 (Matsunaka/Viega): Modifications to State Transportation Funding.** Each bill contains identical language on a number of provisions concerning transportation funding, including: (1) allocating certain General Fund surplus revenues to the Highway Users Tax Fund; (2) allowing the Regional Transportation District to submit a ballot question to registered voters increasing the sales and use tax devoted for transit purposes by four-tenths of one percent; (3) authorizing the Transportation Commission to create and supervise a statewide tolling enterprise; and (4) directs that at least ten percent of any S.B. 97-1 diversion amount must be used for transit projects. Each bill appropriates \$5,843 cash funds exempt to the Department of Law to provide legal support to the tolling enterprise.
- ✓ **H.B. 00-1164 (Berry/Tanner): Transportation Safety Program Funding.** Transfers funding for certain programs from the authority of the General Assembly to the Transportation Commission. This includes most of the programs from the Office of Transportation Safety and the Transportation Services for the Handicapped and Elderly Program. As a result, these programs moved from the appropriated to the non-appropriated section of the Department of Transportation's budget.

- ✓ **S.B. 00-156 (Smith/Dennis): Aviation Fund Distribution.** Changes the formula for distributing sales and use taxes collected on aviation fuel. Sales and use taxes collected on aviation fuel are earmarked for either distribution to the airport where the tax was collected or credited to the aviation fund to be distributed by the Colorado Aeronautical Board as discretionary grants to public-accessible airports in the state. Reduces the amount to be retained by airports and increases the amount to be used for discretionary grants. The amount retained by the airport of origin is reduced from 75 to 65 percent. The amount credited to the Aviation Fund for discretionary grants increases from 25 to 35 percent.
- ✓ **H.B. 99-1325 (George/Powers): Transportation Revenue Anticipation Notes.** Provides for the submission of a ballot question regarding the issuance of transportation revenue anticipation notes. The State would incur \$1.7 billion in debt, with a maximum repayment of \$2.3 billion for the purposes of funding priority transportation projects.
- ✓ **H.B. 98-1395 (Taylor/Rizzuto): Acquisition of Towner Railroad Line.** Appropriated \$10.4 million from the State Rail Bank Fund to the Department of Transportation to immediately acquire the Towner Railroad Line.
- ✓ **H.B. 98-1202 (May/Powers): Transportation Funding.** Appropriated \$100 million from the Capital Construction Fund to the Department of Transportation for use on priority highway construction projects. Extended the 10 percent General Fund revenue diversion enacted under S.B. 97-1 for an additional 6 years, through the end of FY 2007-08.
- ✓ **S.B. 97-37 (Mutzebaugh/Taylor): State Rail Bank Fund.** Provided \$1.0 million cash funds exempt to the Department of Transportation, from the Department of State Cash Fund, to assist in purchasing, maintaining, and disposing of abandoned railroad rights-of-way.
- ✓ **S.B. 97-1 (Powers/Tucker): Transportation Funding.** Diverts 10 percent of sales and use taxes from the General Fund to the State Highway Fund beginning in FY 1997-98 and ending in FY 2001-02. Directs that all funding provided under the bill be spent on specific priority projects and corridors. Provisions subsequently modified to adjust amount of diversion and eliminate sunset of the diversion. Currently, the diversion is 10.355 percent but is conditional annually on revenue thresholds enumerated in Section 39-26-123, C.R.S.

Major Funding Changes FY 2005-06 to FY 2006-07*

	Total	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Division of Aeronautics (Appropriated)	\$5,256,318	\$5,313,016	\$0	(\$56,698)	0.0
Administration (Appropriated)	2,248,155	0	2,248,155	0	0.0
Construction, Maintenance and Operations (Non Appropriated)	198,991,834	16,204,915	101,791,098	80,995,821	0.0
Statewide Tolling Enterprise (Non Appropriated)	2,200,000	0	2,200,000	0	0.0
Gaming Impacts (Appropriated)	5,259,411	5,259,411	0	0	0.0
Total	\$213,955,718	\$26,777,342	\$106,239,253	\$80,939,123	0.0

* This table displays funding changes as reflected in the FY 2006-07 Joint Budget Committee Appropriations Report.

Major Funding Changes FY2005-06 to FY 2006-07 Narrative:

- Reflects a \$199.0 million total fund increase for the Transportation Commission allocated construction, maintenance, and operations budget based on estimated revenues.
- Reflects \$5.3 million in Gaming Impact funds for highway construction and maintenance on gaming related roads.
- Reflects a \$5.2 million cash fund increase in grants programs and refunds to local airports.
- Reflects a \$2.2 million state highway fund allocation increase from the Transportation Commission to the Tolling Enterprise for tolling project costs.
- Reflects a \$2.2 million cash funds exempt increase in the state highway administration program line item for centrally allocated personal services and miscellaneous operating costs.

**FY 2007-08 Joint Budget Committee Staff Budget Briefing
Department of Transportation
Decision Items**

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>Source</i>	CFE <i>Source</i>	FF	Total	FTE
1	<p>Construction, Maintenance, and Operations</p> <p>Gaming Impacts: Provide additional funding for construction, rock fall mitigation and highway maintenance on State highways in vicinity of gaming communities. Amount requested is 52.8% of proposed expenditures on gaming vicinity highways (47.2% allocated by Transportation Commission from State Highway Fund).</p> <p><i>[Sections 12-47.1-701(1)(c)(I) and (4)(c), and 43-1-220(1)(c)(I), C.R.S.]</i></p>	0	14,292,757	0	0	14,292,757	0.0
	Total Request	0	14,292,757	0	0	14,292,757	0.0

**FY 2007-08 Budget Briefing
Department of Transportation
Overview of Numbers Pages**

Requested Funding Changes FY 2006-07 to FY 2007-08*

	Total	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Divisions of Aeronautics (Non Appropriated)	\$0	\$0	\$0	\$0	0.0
Administration (Appropriated)	1,257,873	0	1,257,873	0	0.0
Construction, Maintenance and Operations (Non Appropriated)	25,280,341	9,681,948	(10,821,881)	26,420,274	16.8
Statewide Tolling Enterprise (Non Appropriated)	0	800,000	(800,000)	0	0.0
Gaming Impacts (Appropriated)	9,033,346	9,033,346	0	0	0.0
Total	\$35,571,560	\$19,515,294	(\$10,364,008)	\$26,420,274	16.8

* This table compares funding changes between the FY 2006-07 Department of Transportation appropriated funds, as reflected in H.B. 06-1385, and the Department's FY 2007-08 November 1, 2006, Proposed Budget Document submitted to the Joint Budget Committee. This table does not include the full impacts of S.B. 97-1 and H.B. 02-1310 for both FY 2006-07 and FY 2007-08.

FTE. The Department is reflecting an increase in FTE by 16.8 to reach 3,316, the maximum authorized by Section 43-1-113 (4), C.R.S.

Cash Funds. The total increase is due to expected increases in cash fund sources in these areas: Transportation Commission - increase in Aviation Fund Revenues, anticipated I-25 HOT lanes fee revenue, there is also a decision item request for Limited Gaming funds for gaming community highway projects.

Cash Funds Exempt. The total decrease is due entirely to decreases in Transportation Commission funds. The Department anticipates receiving less from the HUTF fund (CDOT share). This estimate does not reflect the full impacts of S.B. 97-1 and H.B. 02-1310 for both FY 2006-07 and FY 2007-08.

Federal Funds. The increase is due to the Department readjusting its estimate of anticipated Federal Highway Fund apportionments for FY 2007-08.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
DEPARTMENT OF TRANSPORTATION					
Thomas Norton, Executive Director					

(1) OFFICE OF TRANSPORTATION SAFETY

This line item is for Persistent Drunk Driver Program appropriations pursuant to *H.B. 98-1334*. Effective July 1, 2005, the Program was transferred to the Department of Human Services, Alcohol and Drug Abuse Division.

Persistent Drunk Driver Fund - CFE	<u>83,711</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	83,711	0	0	0	
Cash Funds Exempt	0	0	0	0	
Subtotal - Special Purpose	<u>83,711</u>	<u>0</u>	<u>0</u>	<u>0</u>	Request vs. Appropriation <u>0.0%</u>
Cash Funds	83,711	0	0	0	0.0%
Cash Funds Exempt	0	0	0	0	0.0%

(2) DIVISION OF AERONAUTICS

This Division works with local airports to improve state air transportation planning, operations and safety. H.B. 06-1244 transferred appropriation authority for the Division of Aeronautics administrative budget from the General Assembly to the Transportation Commission. Beginning with FY 2007-08, the Division's budget will be included in the Construction, Maintenance and Operations Line Item Total.

TOTAL	14,845,145	19,216,589	18,049,747	0	-100.0%
FTE	<u>7.9</u>	<u>7.9</u>	<u>8.0</u>	<u>0.0</u>	<u>(8.0)</u>
Cash Funds	12,500,217	15,266,389	17,774,747	0	-100.0%
FTE	5.0	5.0	5.0	0.0	(5.0)
Cash Funds Exempt	2,125,332	3,681,549	0	0	0.0%
FTE	0.0	0.0	0.0	0.0	0.0
Federal Funds	219,596	268,651	275,000	0	-100.0%
FTE	2.9	2.9	3.0	0.0	(3.0)

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
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(3) ADMINISTRATION

This line item was created to include the personal services and operating expenses for offices and programs that are the administrative piece of the Transportation Commission's non-appropriated functions. The lines below are included for figure setting purposes. Because the Administration line is a program line, the Department has discretionary flexibility over all amounts within Administration. The Transportation Commission has appropriations authority over both the Administration line and the Construction, Maintenance, and Operations line, and the combined annual request for these lines reflects anticipated revenues to the State Highway Fund, Federal Highways Administration funds, and funds from local governments. The General Assembly sets an appropriated level for the Administration line as a total, and the balance of anticipated highway funds become the appropriation to the Construction, Maintenance, and Operations line.

Transportation Commission					
Personal Services	91,690	82,328	95,316	88,017	
FTE	1.3	1.0	1.0	1.0	
Operating Expenses	97,081	99,602	117,602	117,602	
Subtotal - Transportation Commission	188,771	181,930	212,918	205,619	
FTE	1.3	1.0	1.0	1.0	
Office of the Executive Director					
Personal Services	334,893	339,402	347,231	378,773	
FTE	3.0	3.2	3.0	3.0	
Operating Expenses	65,163	50,940	66,452	68,452	
Subtotal - Executive Director	400,056	390,342	413,683	447,225	
FTE	3.0	3.2	3.0	3.0	
Office of Government Relations (previously Policy)					
Personal Services	392,777	388,629	510,709	546,857	
FTE	5.7	5.1	7.0	7.0	
Operating Expenses	43,065	59,360	41,446	61,514	
Subtotal - Office of Government Relations	435,842	447,989	552,155	608,371	
FTE	5.7	5.1	7.0	7.0	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
Office of Public Relations (previously Public Information)					
Personal Services	442,410	484,432	487,203	528,145	
FTE	6.7	7.0	7.0	7.0	
Operating Expenses	142,828	107,726	138,013	133,013	
Subtotal - Office of Public Relations	585,238	592,158	625,216	661,158	
FTE	6.7	7.0	7.0	7.0	
Office of Information Technology					
Personal Services	2,725,597	2,599,381	2,902,379	2,909,435	
FTE	33.9	31.7	34.7	33.7	
Operating Expenses	335,939	303,007	315,008	338,008	
Subtotal - Office of Information Technology	3,061,536	2,902,388	3,217,387	3,247,443	
FTE	33.9	31.7	34.7	33.7	
Office of Financial Management & Budget					
Personal Services	509,428	522,316	581,071	605,719	
FTE	5.4	6.1	6.0	6.0	
Operating Expenses	40,763	21,950	45,363	38,363	
Subtotal - Office of Financial Mgmt. & Budget	550,191	544,266	626,434	644,082	
FTE	5.4	6.1	6.0	6.0	
Office of Accounting					
Personal Services	1,724,005	1,872,465	1,862,955	1,862,955	
FTE	31.6	32.9	33.0	33.0	
Operating Expenses	99,041	94,364	107,869	107,869	
Subtotal - Office of Accounting	1,823,046	1,966,829	1,970,824	1,970,824	
FTE	31.6	32.9	33.0	33.0	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
Highways Administration					
Personal Services	1,370,002	1,407,864	1,413,203	1,513,772	
FTE	16.7	16.5	15.0	15.0	
Operating Expenses	249,758	225,945	272,161	272,628	
Subtotal - Highways Administration	1,619,760	1,633,809	1,685,364	1,786,400	
FTE	16.7	16.5	15.0	15.0	
Human Resources and Administration					
Personal Services	4,918,045	5,308,398	5,676,643	6,075,190	
FTE	106.4	104.1	105.5	106.5	
Operating Expenses	1,524,504	1,515,314	1,603,034	1,561,934	
Subtotal - Human Resources & Administration	6,442,549	6,823,712	7,279,677	7,637,124	
FTE	106.4	104.1	105.5	106.5	
Division of Audit					
Personal Services	614,232	658,688	723,168	638,770	
FTE	7.3	7.5	7.5	7.5	
Operating Expenses	16,879	26,421	33,290	33,290	
Subtotal - Division of Audit	631,111	685,109	756,458	672,060	
FTE	7.3	7.5	7.5	7.5	
SUBTOTAL - Administration	<u>15,738,100</u>	<u>16,168,532</u>	<u>17,340,116</u>	<u>17,851,132</u>	<u>2.9%</u>
Personal Services	13,123,079	13,663,903	14,599,878	15,118,459	3.6%
FTE	218.0	215.1	219.7	219.7	0.0
Operating Expenses	2,615,021	2,504,629	2,740,238	2,732,673	-0.3%
Miscellaneous Administration Accounts					
Statewide Indirect Costs					
State Highway Funds	1,484,064	966,913	1,302,235	812,653	
Legal Services	265,154	218,935	445,927	445,927	

Request vs.
Appropriation

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
General Insurance	2,186,413	983,812	2,246,000	2,812,433	
Workers' Compensation	357,831	360,509	391,989	410,157	
					Request vs. Appropriation
Subtotal - Miscellaneous	4,293,462	2,530,169	4,386,151	4,481,170	2.2%
Centrally Appropriated Personal Services					
Salary Survey Increases	390,640	408,864	336,248	533,671	
Performance-based Pay Awards	0	0	0	124,620	
Shift Differential	33,309	31,394	26,647	27,665	
Health/Life/Dental	468,994	509,384	653,436	1,022,047	
Short Term Disability	17,138	17,364	18,780	14,621	
Amortization Equalization Disbursement	N/A	N/A	93,899	58,224	
					Request vs. Appropriation
Subtotal - Central Pots	910,081	967,006	1,129,010	1,780,848	57.7%
Administration - Subtotal	<u>20,941,643</u>	<u>19,665,707</u>	<u>22,855,277</u>	<u>24,113,150</u>	
Personal Services	13,123,079	13,663,903	14,599,878	15,118,459	/a
Operating & Travel	2,615,021	2,504,629	2,740,238	2,732,673	
Miscellaneous	4,293,462	2,530,169	4,386,151	4,481,170	
Central Pots	910,081	967,006	1,129,010	1,780,848	
					Request vs. Appropriation
TOTAL - Administration	20,941,643	19,665,707	22,855,277	24,113,150	5.5%
FTE	218.0	215.1	219.7	219.7	0.0
Internal Cash Funding ICF (Print Shop) (CFE)	1,277,693	1,313,143	1,452,724	1,482,326	/a
FTE	13.6	12.3	15.0	13.0	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
					Request vs. Appropriation
APPROPRIATED LEVEL - ADMINISTRATION	20,944,343	19,665,787	22,855,277	24,113,150	5.5%
FTE	<u>218.0</u>	<u>215.1</u>	<u>219.7</u>	<u>219.7</u>	<u>0.0</u>
State Highway Funds (CFE)	19,666,650	18,352,644	21,402,553	22,630,824 /a	5.7%
FTE	204.4	202.8	204.7	206.7	2.0
Internal Cash Funds (CFE)	1,277,693	1,313,143	1,452,724	1,482,326 /a	2.0%
FTE	13.6	12.3	15.0	13.0	(2.0)

/a Includes base 0.2% personal services reduction per OSPB

(4) CONSTRUCTION, MAINTENANCE, AND OPERATIONS

Includes non-appropriated revenues to the Transportation Commission, which consists of eleven members responsible for formulating state policy with respect to the management, construction, and maintenance of state highways and transportation systems; advising and making recommendations relative to transportation policy; and adopting budget and programs. These totals represent non-appropriated funds. State, federal, and local funds for highway construction are split between this line and the Administration line.

Construction and Maintenance & Operations	1,011,784,442	1,235,949,603	983,967,951	1,009,248,292	
FTE	<u>3,073.5</u>	<u>3,073.5</u>	<u>3,079.5</u>	<u>3,096.3</u>	
CF - Local Funds	6,945,969	5,940,076	58,312,954	67,994,902	
Cash Funds Exempt - SHF	561,260,676	767,861,448	510,658,132	499,836,251	
Federal Funds	443,577,797	462,148,079	414,996,865	441,417,139	

(6) GAMING IMPACTS - CF

This program provides for construction and maintenance of roads related to increased traffic in communities with limited gaming activities.

Gaming Impacts Total	<u>0</u>	<u>0</u>	<u>5,259,411</u>	<u>14,292,757</u>	
Cash Funds	0	0	5,259,411	14,292,757	DI # 1
Cash Funds Exempt	0	0	0	0	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
(7) STATEWIDE TOLLING ENTERPRISE					
This program was created pursuant to S.B. 02-179 and H.B. 02-1310 and is reflected for informational purposes only.					
Tolling Enterprise Total	<u>675,340</u>	<u>1,936,386</u>	<u>4,200,000</u>	<u>4,200,000</u>	
Cash Funds - Tolling Cash Funds	<u>0</u>	<u>0</u>	<u>0</u>	800,000	
Cash Funds Exempt	675,340	1,936,386	4,200,000	3,400,000	
TOTAL - DEPARTMENT OF TRANSPORTATION APPROPRIATED AND NON-APPROPRIATED					
					Request vs. Appropriation
DEPARTMENT TOTALS	1,048,332,981	1,276,768,365	1,034,332,386	1,051,854,199	1.7%
FTE	<u>3,299.4</u>	<u>3,296.5</u>	<u>3,307.2</u>	<u>3,316.0</u>	8.8
Cash Funds	19,529,897	21,206,465	81,347,112	83,087,659	2.1%
Cash Funds Exempt	585,005,691	793,145,170	537,713,409	527,349,401	-1.9%
Federal Funds	443,797,393	462,416,730	415,271,865	441,417,139	6.3%

**DEPARTMENT OF TRANSPORTATION
FY 2007-08 Long Bill Footnote Update**

- 2 All Departments, Totals --** The General Assembly requests that copies of all reports requested in other footnotes contained in this act be delivered to the Joint Budget Committee and the majority and minority leadership in each house of the General Assembly. Until such time as the Secretary of State publishes the code of Colorado regulations and the Colorado register in electronic format that is suitable for public access through electronic means. Such rules in such format should be submitted to the Office of Legislative Legal Services for publishing on the Internet. Alternatively, the Office of Legislative Legal Services may provide links on its internet web site to such rules. It is the intent of the General Assembly that this be done within existing resources.

Comment: The Department has complied with this footnote.

- 3 All Departments, Totals --** Every Department is requested to submit to the Joint Budget Committee information on the number of additional federal and cash funds exempt FTE associated with any federal grants or private donations that are applied for or received during FY 2006-07. The information should include the number of FTE, the associated costs (such as workers' compensation, health and life benefits, need for additional space, etc.) that are related to the additional FTE, the direct and indirect matching requirements associated with the federal grant or donated funds, the duration of the grant, and a brief description of the program and its goals and objectives.

Comment: *The Governor vetoed this footnote* - as last year, the Governor states that the footnote violates the separation of powers in Article III of the Colorado Constitution because the footnote is attached to federal funds and private donations, which are not appropriated. The Governor states that this footnote could constitute substantive legislation. In addition, the Governor states that this footnote is an unfunded mandate.

- 117 Department of Transportation, Administration --** The Department is requested to complete state budget forms for Administration personal services that provide information for each office or section within the Administration line item. This information should be sufficiently detailed to allow calculation for Option 8 purposes. PERA and Medicare is requested to be provided by the individual section or office. Additionally, the Department is also requested to include subtotals for salary and FTE for each of the offices within the Administration line item information currently supplied.

Comment: *The Governor vetoed this footnote* - as last year, the Governor is citing violation of separation of powers in Article III of the Colorado Constitution by dictating the format and content of the executive budget submission, and implying intent to appropriate FTE. In addition, the Governor states that this footnote may violate Article V, Section 32 because it constitutes substantive legislation. The Governor will instruct the department to comply with the intent of this footnote. The Department has complied with this footnote. The budget request does provide the personal services and operating expenses information detail

requested for each office in the Administration Division.

117a Department of Transportation, Construction, Maintenance, and Operations -- Using funds appropriated to the Colorado Department of Transportation (CDOT), CDOT shall undertake and complete a process that authorizes a specific class of signage for agriculture-related tourism, as permitted under applicable Federal Highway Administration rules and regulations, on applicable state and federal roads and highways. Prior to finalizing such process, CDOT shall make a good faith effort to allow affected stakeholders to comment on the signage program. Until CDOT develops an agriculture tourism signage program, no funds shall be used by CDOT personnel or its contractors to remove signs in state or federal right of ways that promote agriculture-related tourism, if and only if the placement of such signs are specifically sanctioned by the board of county commissioners in whose jurisdiction the signage would be placed, subject to reasonable health, safety, and aesthetic regulations established by such boards of commissioners. For the purposes of this footnote, agriculture-related tourism shall include fruit and vegetable stands, shops or venues.

Comment: *The Governor vetoed this footnote* - citing violation of Article III, possibly Article V, Section 32 of the Colorado Constitution, because it interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation. The Governor recognizes the importance of this issue and will direct the department to continue to work to find a resolution that satisfies the agriculture industry while still complying with state and federal law.

118 Department of Transportation, Gaming Impacts -- It is the intent of the General Assembly that these funds shall remain available until completion of the project or the close of FY 2008-09, whichever comes first. At project completion or the end of the three-year period, unexpended and unencumbered balances shall revert to the Limited Gaming Fund from which they were appropriated.

Comment: The Department is complying with this footnote.

**FY 2007-08 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF TRANSPORTATION**

ISSUE:

Department of Transportation's Mission, Goals, and Performance Measures

DISCUSSION:

Department of Transportation Mission

Mission Statement:

To provide the best multi-modal transportation system for Colorado that most effectively moves people, goods and information.

Goals and Performance Measures

The Department submitted a strategic plan section and a program crosswalk section with its FY 2007-08 budget request. The materials that the Department submitted are a compressed version of the end of FY 2005 seventh annual transportation system performance report prepared by the Department. For this reason, staff will evaluate the 2005 performance report prepared by the Department and not the strategic plan and program crosswalk documents submitted with the FY 2007-08 budget request. Furthermore, **staff recommends that the Joint Budget Committee request for the Department of Transportation to submit its complete annual performance report with its budget request beginning with the FY 2008-09 budget request.**

The Department's seventh annual transportation system performance report is a total of 52 pages long and is comprised of five investment categories. Each Investment category has corresponding investment level goals, objectives and performance measures.

Investment Categories
I. Safety
II. System Quality
III. Mobility
IV. Strategic Projects
V. Program Delivery

The department's investment categories are tied to the achievement of key goals, and performance measures are written for each objective. The performance report also has several years of historical data for each measure and performance is linked to investment levels.

Staff Analysis

Joint Budget Committee staff reviewed the Department's performance measures contained in the transportation system performance report. Staff assessed these performance measures using the following common checklist:

1. Do the goals and performance measures correspond to the program's directives provided in statute?
2. Are the performance measures meaningful to stakeholders, policymakers, and managers?
3. Does the Department use a variety of performance measures (including input, output, efficiency, quality, outcome)?
4. Do the performance measures cover all key areas of the budget?
5. Are the data collected for the performance measures valid, accurate, and reliable?
6. Are the performance measures linked to the proposed budget base?
7. Is there a change or consequence if the Department's performance targets are not met?

Based on the criteria above, staff's overall assessment of the Department's transportation system performance report is that the report provides general and specific information regarding the Department's activities. Although some of the performance measures are meaningful to all stakeholders, such as percent of good/fair pavement, other measures are more technical and can be hard to understand.

Assessment of Mission, Goals, and Objectives Statements (Criteria #1)

The Department's overall mission and goal statements are consistent with the legislative duties for the Department (Section 43-1-101, C.R.S.). The Department has organized the performance report so that objectives and performance measures are tied back to specific goals. For the most part, staff believes that the Department has written goals and objectives that are consistent and appropriate for their mission. The following table provides an example of a Department's goal, objective and performance measure statement.

System Quality Investment Category
Goals: Preserve the transportation system Keep the system available and safe for travel

Objective:

Enhance and maintain the transportation system to ensure maximum useful life

Performance Measure:

Percent pavement condition rating of fair or better

Assessment of Performance Measure (Criteria 2 through 7)

The Department has informed staff that it continually reviews, and if necessary, modifies performance measures in order to provide meaningful information to decision makers, managers and stakeholders. The Department appears to have a consistent review methodology for performance measures. This is evidenced by the fact that most performance measures provide historical data for several years, some go as far back as ten to fifteen years. Another advantage to the layout of the Department's performance report is the fact that each investment category begins with a graph portraying historical investment data, followed by the goals, objectives, and a historical review of performance data. An added feature for some of the investment categories is a projection of investment category condition under alternative funding level scenarios.

In summary, staff believes that overall the Department has selected a variety of performance measures that are meaningful and useful. Furthermore, the presentation of the performance report is for the most part easy to read and understand. Therefore, staff believes that the Department's current performance report would be a useful starting point in assessing the Department's use of performance-based budgeting as a planning and management tool.

Questions for Department

Staff recommends that the Committee discuss the following questions with the Department during the FY 2007-08 budget hearing:

1. How do your performance measures influence department activities and budgeting?
2. To what extent do the performance outcomes reflect appropriation levels?
3. To what extent do you believe that appropriation levels in your budget could or should be tied to specific performance measure outcomes?
4. As a department director, how do you judge your department's performance? What key measures and targets do you used?
5. During staff's discussions with the Department on its strategic plan, staff was informed that the Department is currently developing a new investment strategy framework which may introduce changes to the current performance methodology and report that staff discussed above.

Staff recommends that the Committee request for the Department to present and discuss its new investment strategy framework during the hearing. In particular, please explain the changes that this new framework introduces and the reason for the changes. Also, please discuss the newly identified five core business processes and their corresponding action plans. How will these new added elements change the use and presentation of performance data by the Department and its stakeholders?

**FY 2007-08 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF TRANSPORTATION
Limited Gaming Funds Used for State Highway Maintenance**

ISSUE:

Pursuant to Section 12-47.1-701, C.R.S., the Department of Transportation may annually request funds from the Limited Gaming Fund 50 percent portion to be transferred to the General Fund, to pay for highway construction and maintenance on public roads and highways leading to and within a fifty-mile radius of any limited gaming community.

SUMMARY:

- ❑ The Legislature has not appropriated Limited Gaming Funds to the Department of Transportation during FY 2003-04, 2004-05 and 2005-06 for limited gaming highway construction and maintenance projects. The legislature appropriated \$5.3 million for limited gaming highway construction and maintenance projects in FY 2006-07.
- ❑ For FY2007-08 the Department of Transportation is requesting an appropriation of Gaming Funds totaling \$14.3 million for construction and maintenance activities, in order to address factors including safety (widening and rock fall mitigation), mobility (congestion), and system quality (pavement) on gaming roads in the vicinity of Colorado's gaming communities.
- ❑ The Department is projecting increasing funding needs for gaming related highway construction and maintenance projects and insufficient funds to meet these needs.

RECOMMENDATION:

Staff recommends that the Committee discuss these trends with the Department. In particular, given that funds from the Limited Gaming Fund are not regularly appropriated and by themselves are not sufficient to adequately address gaming related highway needs, what additional steps is the Department taking to address these needs? Since State Highway Fund projects are programmed years in advance, what funds is the Department budgeting from the State Highway Fund in order to address future construction and maintenance needs for gaming roads? What other plans does the Department have to address this issue?

DISCUSSION:

Background Information

Limited gaming began in Colorado in 1991. Due to the increased traffic in some stretches of State highways in the vicinity of the gaming communities, in 1994 the General Assembly enacted S.B. 94-60 (later amended by S.B. 97-27) in order to be able to provide additional funding for these needs. The enacted legislation allows the Department of Transportation to request annually Limited Gaming

Funds for transportation needs attributable to limited gaming.

Section 12-47.1-701(1), C.R.S., reads as follows:

- (c) At the end of each state fiscal year, the state treasurer shall distribute the balance remaining in the limited gaming fund, except for an amount equal to all expenses of the administration of this article for the preceding two-month period, according to the following guidelines:
 - (I) Fifty percent shall be transferred to the state general fund or such other fund as the general assembly shall provide, including the state highway fund. The general assembly shall determine and appropriate an amount as a separate line item to be transferred to the state highway fund.

Section 43-1-220(1), C.R.S., reads as follows:

- (c) (I) The limited gaming fund. The receipts from the limited gaming fund shall be segregated from other receipts paid into the state highway fund.
- (II) In accordance with the provisions of section 12-47-701 (1) (c) (I), C.R.S., the receipts from the limited gaming fund are to be used on public roads and highways leading to and within fifty-mile radius of any limited gaming community for:
 - (A) Any proposed or anticipated transportation needs attributable to limited gaming; and
 - (B) Any reimbursement for emergency repairs and modifications attributable to limited gaming that the department has performed during the previous fiscal year.

The following table shows the increase in traffic on State highways near gaming communities. The table portrays a significant increase in traffic between 1991 and 2000 and a steady flow after 2000.

Traffic Increases on State Highways Near Gaming Communities

Annual Average Daily Traffic								
Highway	Pre-Gaming 1991	2000	2001	2002	2003	2004	2005	Percent Change 91-05
S.H. 119/U.S. 6 Jct.	3,050	16,078	17,343	18,070	17,393	17,400	14,500	
Percent Change		0.0%	7.9%	4.2%	(3.7)%	0.0%	(16.7)%	375.4%
S.H. 67	2,587	5,764	5,897	5,633	5,662	5,600	5,700	
Percent Change		0.0%	2.3%	(4.5)%	0.5%	(1.1)%	1.8%	120.3%
S.H. 24	7,050	16,524	17,033	18,120	16,689	16,700	16,700	
Percent Change		0.0%	3.1%	6.4%	(7.9)%	0.1%	0.0%	136.9%
S.H. 160	4,556	6,521	6,461	6,456	6,520	6,600	6,700	
Percent Change		0.0%	(0.9)%	(0.1)%	1.0%	1.2%	1.5%	47.1%

Funding History

From FY 1994-05 through FY 2002-03, the General Assembly appropriated \$27.2 million from the Limited Gaming Fund to address transportation needs on gaming related roads. In FY 2002-03, the

General Assembly appropriated Gaming Funds for highway maintenance and rock fall mitigation. The Legislature did not appropriate limited gaming funds to the Department during FY 2003-04, 2004-05 and 2005-06. For FY 2006-07, The General Assembly appropriated \$5.3 million.

The following table shows a breakdown of the Limited Gaming Fund by distribution source. Included in this table is the Department of Transportation distribution request for FY 2007-08.

Limited Gaming Fund Distribution	Percent of Tot.	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Projected	FY 07-08 Projected
State Historical Society	28%	\$25,872,417	\$26,020,457	\$28,041,290	\$28,563,668	\$29,390,647
Gilpin and Teller Counties	12%	11,088,179	11,151,624	12,017,696	12,241,431	12,595,992
Cripple Creek, Central City, Black Hawk	10%	9,240,149	9,293,020	10,014,747	10,201,192	10,496,660
<u>General Fund Maximum Share</u>	<u>50%</u>	<u>46,200,743</u>	<u>46,465,103</u>	<u>50,073,732</u>	<u>51,005,961</u>	<u>52,483,298</u>
Municipal Impact Fund	1.0%	0	0	0	0	0
Local Gov't Impact Fund ^a	13.0%	6,006,097	6,040,463	6,509,585	6,630,775	6,822,829
Co. Tourism Promotion Fund ^b		0	185,861	19,000,000	19,475,000	19,981,350
New Jobs Incentives Fund ^c		NA	NA	3,000,000	3,075,000	3,154,950
State Council on the Arts Fund ^d		NA	NA	1,500,000	1,537,500	1,577,475
Film Incentives Fund ^e		NA	NA	500,000	512,500	525,825
Bioscience Grant ^f		NA	NA	2,000,000	NA	NA
CDOT		0	0	0	5,259,411	14,292,757
Credited to General Fund		40,194,646	40,238,779	17,564,147	14,515,775	6,128,112
Total:	100%	\$92,401,488	\$92,930,204	\$100,147,465	\$102,012,252	\$104,966,597
Transportation Percent of Fund		0.0%	0.0%	0.0%	5.2%	13.6%
General Fund Percent of Fund		43.5%	43.3%	17.5%	14.2%	5.8%

^a Per HB 06-1201 Section 5 (2) Local Government Impact Fund distribution percentage was changed to an aggregate total of thirteen percent. Prior to FY 2006, the distribution to this fund was 6.5 percent of the total General Fund Transfer.

^b Per HB 06-1201 Section 4 (III) (A) Tourism Promotion Fund distribution became a set amount in FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the distribution to this fund was 0.2 percent of the total General Fund Transfer.

^c Per HB 06-1201 Section 4 (III) (A) and Section 9 New Jobs Incentives Fund distribution became an established portion of the Limited Gaming Fund distribution to the General Fund with a set amount for FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the Limited Gaming Fund distribution did not include this fund.

^d Per HB 06-1201 Section 4 (III) (A) and Section 7 State Council on the Arts Fund distribution became an established portion of the Limited Gaming Fund distribution to the General Fund with a set amount for FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the Limited Gaming Fund distribution did not include this fund.

^e Per HB 06-1201 Section 4 (III) (A) and Section 8 Film Incentives Fund distribution became an established portion of the Limited Gaming Fund distribution to the General Fund with a set amount for FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the Limited Gaming Fund distribution did not include this fund.

^f Per HB 06-1360 Section 2 and Section 5 (a) Bioscience Grant distribution became an established portion of the Limited

Gaming Fund distribution to the General Fund for FY 2006 only. According to this bill, no distribution shall be made in future years.

If the Department request for gaming funds is approved the projected General Fund share from the gaming funds year-end balance in FY 07-08 would be \$6.1 million. That General Fund share would increase by \$14.3 million to a projected total of \$20.4 million if the request is not approved.

FY2007-08 Proposed Gaming/State Highway Fund Expenditures

Proposed Expenditures by Region	Gaming Funds	State Highway Funds	Total
Region 1 (Black Hawk/Central City)			
S.H. 119 - Widening from 2 to 4 lanes:			
Phase 1 - Right-of-way	\$450,000	\$50,000	\$500,000
- Design	\$3,150,000	\$350,000	\$3,500,000
Safety improvements on S.H. 119: curve straightening, addition of pullouts, & shoulder improvements	\$4,320,000	\$480,000	\$4,800,000
Safety improvements on S.H. 6: curve straightening, addition of pullouts & shoulder improvements	\$2,100,000	\$2,100,000	\$4,200,000
Area highway maintenance	\$277,136	\$879,085	\$1,156,221
Sub-total	\$10,297,136	\$3,859,085	\$14,156,221
Region 2 (Cripple Creek)			
S.H. 67 Corridor: S.H. 67, drainage improvements, additional signing and HMA paving of pullouts at various locations along S.H. 67			
	\$500,000	\$500,000	\$1,000,000
S.H. 67at County Road 61, Rainbow Valley Road intersection preliminary engineering and design and shelf			
	\$500,000	\$500,000	\$1,000,000
Area Highway Maintenance	\$625,985	\$2,007,111	\$2,633,096
Sub-total	\$1,625,985	\$3,007,111	\$4,633,096
Region 5 (Southwest Colorado)			
U.S. 160, passing lanes - design, survey, and right-of-way			
	\$163,000	\$525,000	\$688,000

Proposed Expenditures by Region	Gaming Funds	State Highway Funds	Total
U.S. 550 State Line North - capacity and safety improvements	\$2,000,000	\$4,800,000	\$6,800,000
Area Highway Maintenance	\$206,636	\$574,835	\$781,471
Sub-total	\$2,369,636	\$5,899,835	\$8,269,471
Grand Total	\$14,292,757	\$12,766,031	\$27,058,788
	52.8%	47.2%	100.0%

The Department suggests that there are four alternatives to address the gaming impacts on gaming highways:

1. maintain the roads at pre-gaming levels with no additional maintenance or construction to account for the increased traffic;
2. perform additional maintenance (paving, pothole patching, snow and ice control, etc.) and rock fall mitigation;
3. perform additional construction to increase mobility to address congestion with no additional maintenance;
4. perform additional maintenance to preserve the surface condition of the roads; perform safety improvements; and construct additional capacity to address mobility needs (congestion).

The Department recommends that Alternative #4 is the best alternative to address the needs on gaming highways. The funding request that the Department has submitted to the Legislature is based on Alternative #4.

According to Department estimates, transportation needs in the gaming areas far exceed available funds. In 1995, the Department estimated transportation costs for the Black Hawk/Central City area alone to be \$57 million. The Department is anticipating the completion of a Record of Decision (ROD) on the Gaming Area Access Environmental Impact Statement (GAAEIS). A number of alternatives were assessed, all of them involve widening S.H. 119 from milepost 2.5 to approximately milepost 6.5 in the city limits of Black Hawk. In addition to improvements to S.H. 119, other options were considered in the GAAEIS involving a significant amount of private funding. The preferred alternative considered in the Draft EIS is to build a tunnel and associated interchanges from the junction of I-70 west and U.S. 6 at Kermit's northwesterly to S.H. 119, approximately 5 miles south of Black Hawk.

The department has estimated the approximate costs of these improvements to be: over \$200 million for the tunnel and I-70 interchange improvements, over \$150 million for the S.H. 119 interchange and widening of S.H. 119, and over \$50 million for safety improvements on S.H. 119 and S.H. 6.

In Southwestern Colorado, the Department estimates that over the next 20 years traffic volumes will

increase by 40 percent on U.S. Highway 160 and 50 percent on State Highway 172.

Given that funds from the State Highway Fund for highway construction projects are programmed years in advance, staff recommends that the Committee discuss the aforementioned trends with the Department and inquire about what highway funds the Department is programming to spend on future gaming road needs. The Committee could also inquire about the status of long-term plans, such as the "Multi-Year Plan for Gaming Impacts".

Additional questions for the Committee to consider

- The Department will receive an estimated \$65.3 million in H.B. 02-1310 moneys for FY 05-06 and an estimated \$291.7 million for FY 2006-07. Since the Department does not include these funds in its annual planning process, and thus these funds are not obligated before they are received by the Department, could the Department use part of these additional funds to address the need for additional funds for gaming communities road maintenance, repair and improvement?
- Given limited highway funding from the Limited Gaming Fund, what steps is the Department taking in order to ensure sufficient funding for highways near the gaming communities?
- What formula does the Department use to determine the funding breakdown between Gaming Funds and State Highway Funds?
- Please discuss the alternatives for the improvement of S.H. 119 discussed in relation to the Gaming Area Access Environmental Impact Statement (GAAEIS). In particular, please elaborate on the possibility for leveraging funding from the local cities and private sources. Has the department done any studies on leveraging private funds for other roads in and around gaming communities?
- Please discuss the latest "Multi-Year Plan for Gaming Impacts" covering FY 2004-05 through FY 2008-09 and the projects in it. During the December 15, 2005, Hearing the Department had responded to this question by stating that the latest "Multi-Year Gaming Impacts Plan" will be developed by May or June 2006. Is the plan ready? If it is, please provide the Joint Budget Committee members and staff with a copy of the plan, also, please discuss the key highlights of the new plan. If the plan is not ready, please explain the reason for the delay.

**FY 2007-08 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF TRANSPORTATION
Department of Transportation Statutory FTE Cap**

ISSUE:

Pursuant to Section 43-1-113 (4), C.R.S., the Department of Transportation statutory FTE cap is set at three thousand three hundred sixteen (3,316). The Department intends to pursue legislation during the FY 2006-07 legislative session to modify or eliminate the cap.

SUMMARY:

- The Department's statutory FTE cap was set in 1991 and has not been modified since that year.
- Starting with FY 2007-08 the Department is proposing to either increase the statutory cap or eliminate it.
- The Department is projecting an increased need for additional FTE with the projected increased funding going to Transportation as a result of S.B. 97-1 and H.B. 02-1310.

RECOMMENDATION:

Staff recommends that the Committee discuss this issue with the Department during its hearing. Potential questions that the Department may address include:

1. Why was an FTE cap set in 1986 and 1991? Why was it set at 3,316?
2. Is the Department proposing to modify or eliminate the FTE cap?
3. Does the Department have an estimate of what its current need for FTE is?
4. Elaborate on how the Department determined that the most efficient and effective split between internal CDOT work and private consulting firms is 60% CDOT and 40% consultants?
5. What is the current FTE split between work performed by CDOT and work performed by consulting firms?
6. Please provide a list of all the increased FTE needs due to federal/state mandates and public outreach requirements for the last fifteen years.
7. Please provide a current FTE breakdown by CDOT program. Please provide a historical (10-year) FTE breakdown by program.
8. Please provide a cost-benefit analysis of using private concessions or municipal contracts to deliver maintenance on selected colorado roads.
9. Please provide a cost-benefit analysis of using incentives for local take-over of state arterials.

DISCUSSION:

Background Information

In 1986, as part of the legislation that increased Colorado's gas tax, a limit was imposed on the number of full-time equivalent employees (FTE) at the then Colorado Department of Highways. This limit was set at 3,316 FTE. In 1991, the 3,316 FTE limit was made permanent.

Department's Identification of Problem

The Department lists four main reasons for the need to increase its FTE cap:

1. Maintenance: Since 1988, nearly 850 lane miles have been added to the state highway system. No new maintenance employees have been added to cover the additional miles. In the meanwhile, growth in traffic on Colorado highways has grown significantly since 1991. The Department argues that with the increased need for additional funding to make necessary highway repairs, additional staff will be needed to make the repairs.
2. New Construction: In the past, the Department states that it has been able to absorb large swings in transportation funding through an increased reliance on contracts for design and construction management with private consulting engineering firms. The Department has determined that the most efficient split between internal CDOT work and Private consulting firms is 60% CDOT and 40% consulting firms. With a steady budget of \$800 million, the Department is able to maintain a 60/40 split. However, with the return of S.B. 97-1 moneys, the Department feels that it needs the flexibility to respond to changes in funding while still maintaining a 60/40 split.
3. Federal/State Mandates: Increased regulations in the last three federal transportation funding bills since 1991 (ISTEA, TEA 21, SAFETEA-LU) have changed staffing requirements for CDOT. For example, new federal programs, such as Safe Routes to School, mandate that the Department have a person dedicated to the program. This federal program provides the additional funding necessary for an additional FTE. In addition, the Department states that the scope and detail of environmental documents and public outreach/hearing requirements have expanded dramatically. As a result all of the environmental document production has been outsourced to consultants.
4. Changing Roles and Customer Expectations: The use of Intelligent Transportation Systems (ITS) to identify and manage incidents, to improve the flow of traffic, and to provide information to the public to facilitate trip choice started in 1986. Today, CDOT employs 20 FTEs in this function. The Department estimates that the ITS program will need to continue to expand over the next decade.

Department's Proposed Options for Amending the Current FTE Cap

- **Repeal current statutory cap:** This option will allow the Transportation Commission to determine what the most appropriate FTE level is in order to meet the transportation needs.
- **Increase the statutory cap one time:** The Department proposes a one-time increase from the current 3,316 FTE to a proposed 3,500 FTE.
- **Increase the statutory cap by 1% each year for five years:** The Department has estimated that over the past 20 years the number of FTE has grown by 1/3 of 1 percent.

Current: 3,316
2007: 3,349
2008: 3,382
2009: 3,416
2010: 3,450
2011: 3,485

Other Options CDOT May Consider in Lieu of Modifying the FTE Cap

1. Reduce the Level of Service the Department provides - Lower maintenance and support on Colorado roads.

2. Private Concessions or Municipal Contracts - Currently the Department contracts for the maintenance of 624 lane miles with local municipalities. The Department would need to contract out an additional 3,500 lane miles.

CDOT has entered into private concessions for maintenance on specific work tasks (like rest area maintenance, litter pick-up, etc.) but has not considered privatizing full portions of the system. One difficulty of this approach would be to find private contractors with the unique equipment required to provide snow and ice maintenance.

3. Incentives for Local Take-over of State Arterials - The Department believes that a cash payment, equivalent to the net present value of the cost of CDOT maintenance over 25 years could prove to be an incentive a local municipality would want in exchange for agreeing to take over a state arterial (non-freeway or interstate).