



**Colorado
Legislative
Council
Staff**

SB16-122

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0901 **Date:** February 8, 2016
Prime Sponsor(s): Sen. Baumgardner **Bill Status:** Senate Transportation
 Rep. Nordberg; Brown **Fiscal Analyst:** Erin Reynolds (303-866-4146)

BILL TOPIC: MORE OVERSIGHT OF DEPARTMENT OF TRANSPORTATION

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Workload and cost increases.	
Appropriation Required: None.		
Future Year Impacts: Ongoing workload and cost increases.		

Summary of Legislation

The bill requires the Colorado Department of Transportation (CDOT) to:

- undergo a risk-based performance audit conducted by the Office of the State Auditor;
- receive legislative approval, through a bill enacted by the General Assembly, before entering into lease-purchase agreements for real property totaling over \$500,000 for the lease term;
- close transportation projects and release money budgeted for such projects within one year or sooner, with certain exceptions;
- report on its public website information related to competitively bid contracts within two weeks of contract awards, including winning bidder, winning bid amount, and whether the bid was the lowest, and, if not, why a higher bid was chosen;
- report annually to the Transportation Commission percentages and total amounts of money budgeted and expended for payments to private sector contractors and total transportation project costs for those completed by CDOT employees, including indirect cost recoveries and employee salaries; and
- report annually to the Transportation Legislation Review Committee (TLRC) the rationale behind any and all amendments to the statewide transportation improvement plan.

State Expenditures

The bill will increase workload in the Office of the State Auditor and workload and costs in CDOT. These workload impacts are discussed in detail below.

Office of the State Auditor. The bill will result in a minimal workload increase in the OSA to conduct a risk-based performance audit. The OSA will have additional work compared with audits that would have been conducted under current law. No change in appropriations is required under the bill.

Colorado Department of Transportation. CDOT will have a variety of workload and cost increases, as follows.

Audit requirement. A risk-based performance audit on the entirety of CDOT will increase workload in all levels of CDOT to provide information to the State Auditor. This is expected to be absorbed within existing appropriations overall, though additional temporary staff may be brought on to help with the information gathering process.

Legislative approval for real property lease-purchase agreements. The bill requires CDOT to await legislative approval before contracting for lease-purchase agreements over \$500,000. CDOT is currently operating under authorization from the state Transportation Commission to spend \$3.8 million on real estate selection, design, and project management services for two headquarters construction projects in Region 1 (Denver) and Region 2 (Pueblo). The fiscal note assumes that the earliest CDOT would be able to seek legislative approval for these projects would be 2017, which would cause the forfeiture and renewed requirement for this initial investment. In the meantime, CDOT will be required to continue capital maintenance on the buildings it currently inhabits.

Budgeting and reporting requirements. Most of the budgeting and reporting requirements in the bill are current CDOT policy. CDOT may have a minimal and absorbable workload impact for disclosing bid rationale on its website, while the requirement that CDOT report to the TLRC the rationale behind any and all amendments to the statewide transportation improvement plan will increase workload in each of the eight regional planning offices and may require the services of a paid consultant to compile the annual report.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Governor's Office
Legislative Council
Transportation

Information Technology
Personnel and Administration
Treasury

Law
State Auditor