

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2015-16 STAFF BUDGET BRIEFING
DEPARTMENT OF TRANSPORTATION**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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DEPARTMENT OF TRANSPORTATION

Department Overview

The Colorado Department of Transportation (“CDOT” or “The Department”) is a cabinet level department which plans for, operates, maintains, and constructs the state-owned transportation system, including state highways and bridges. CDOT operates under the direction of the Colorado Transportation Commission, which is composed of eleven members who represent specific districts around the state. Each commissioner is appointed by the Governor and confirmed by the Senate for a four year term. The Commission establishes policy and administers the Department’s budgets and programs. Some of CDOT's specific duties include:

- Operation of the over 9,100 center-lane mile state highway system, including 3,437 bridges and over 28.0 billion miles of vehicle travel;
- Management of highway construction projects statewide;
- Maintenance of the state highway system, including repairing road damage, filling potholes, plowing snow, and applying sand to icy roads;
- Assistance in the development of a statewide, multi-modal transportation system by providing assistance to local transit systems in the state;
- Development and implementation of the State’s Highway Safety Plan, including efforts to combat drunk driving, encourage seatbelt use, enforce speed limits, and reduce traffic fatalities; and
- Maintenance of the statewide aviation system plan, which includes the provision of technical support to local airports regarding aviation safety and the administration of both entitlement reimbursement of aviation fuel tax revenues and discretionary grants to local airports.

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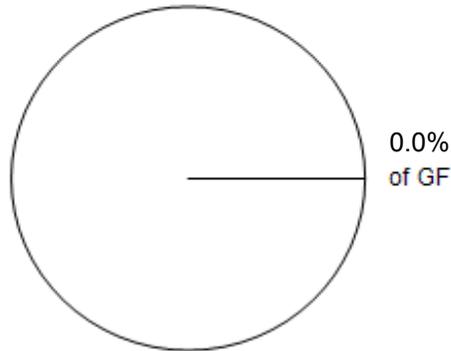
Department Budget: Recent Appropriations

Funding Source	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16 *
General Fund	\$0	\$0	\$700,000	\$0
Cash Funds	706,181,582	759,829,076	748,363,814	834,905,104
Reappropriated Funds	3,763,059	19,775,304	19,773,476	19,773,476
Federal Funds	<u>409,409,045</u>	<u>488,142,984</u>	<u>514,360,141</u>	<u>573,062,075</u>
Total Funds	\$1,119,353,686	\$1,267,747,364	\$1,283,197,431	\$1,427,740,655
Full Time Equiv. Staff	3,308.8	3,317.5	3,326.9	3,326.8

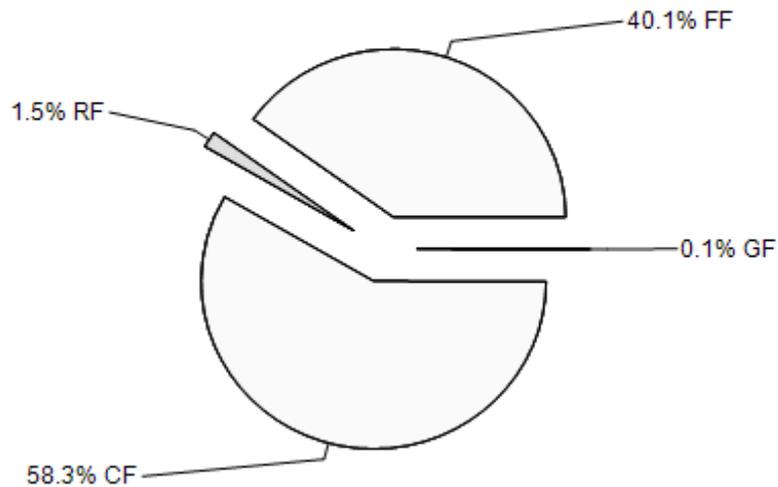
*Requested appropriation.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

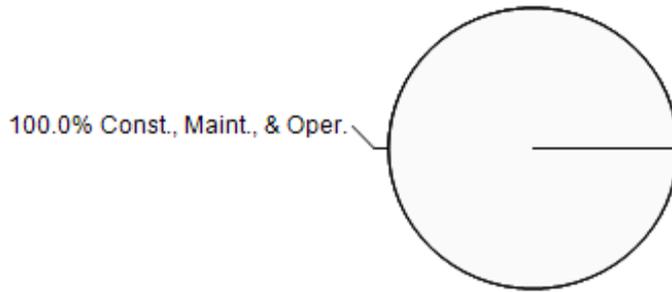


Department Funding Sources

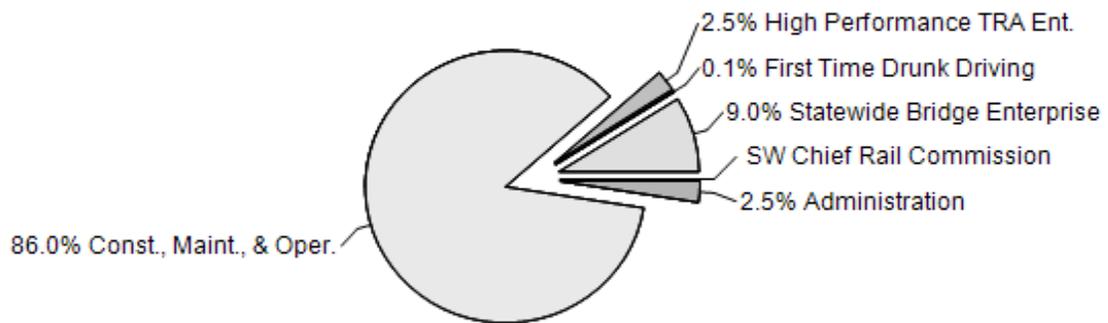


All charts are based on the FY 2014-15 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2014-15 appropriation.

General Factors Driving the Budget

Total State Funding Levels and General Fund Expenditures

Total state funding for transportation has fluctuated substantially over the past ten years, primarily due to changes in the amount of General Fund transferred to the Highway Users Tax Fund (HUTF).

Since 1997, the General Assembly has passed a variety of legislation to assist in the completion of priority transportation projects by providing additional funding to the State Highway Fund from General Fund sources, including: Capital Construction Fund appropriations (which originate in the General Fund), diversions of sales and use taxes from the General Fund to the Highway Users Tax Fund (pursuant to S.B. 97-001), Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the Clean Energy Fund), and two-thirds of the year-end General Fund surplus (pursuant to H.B. 02-1310). Additional legislation (H.B. 99-1325) has permitted the Department to issue bonds to accelerate projects and to use future federal and state revenues to pay back bondholders over time.

Transfers of General Fund dollars to the State Highway Fund under the legislation discussed above has fluctuated with the economy. For example, economic conditions precluded most such transfers from FY 2002-03 through FY 2004-05, although there were limited transfers under H.B. 02-1310 in FY 2003-04 and FY 2004-05. Transfers pursuant to S.B. 97-001 and H.B. 02-1310 increased in FY 2006-07 (to a total of \$522 million), decreased to \$407 million in FY 2007-08, and then decreased to \$88 million in FY 2008-09.

State Transportation Revenues

The Department's main source of funding comes from the Highway Users Tax Fund (HUTF). The HUTF is supported by state and federal excise taxes on gasoline, diesel, and special fuels, registration fees, surcharges, and other miscellaneous sources of revenue. Pursuant to statutory formula, CDOT receives over half of the State's monthly HUTF distributions.

The Department's most significant source of State revenues is the excise tax on motor fuels, which has been set at \$0.22 per gallon of gasoline and \$0.205 per gallon of diesel fuel since 1991 and 1992 respectively. The major source of federal revenue is also an excise tax on motor fuels, which has been set at \$0.184 per gallon of gasoline and \$0.244 per gallon of diesel fuel since 1997. Please see Appendix F for a brief history of each of these excise taxes. Taken together, the total excise taxes for Colorado are \$0.404 per gallon of gas and \$0.449 per gallon of diesel. The average fuel taxes for all states are \$0.495 per gallon of gas and \$0.550 per gallon of diesel; leaving Colorado in the bottom half. Please see Appendix G for a breakout of total gasoline and diesel fuel taxes by state.

Fuel excise taxes have decreased purchasing power due to a combination of increased fuel efficiency (resulting in lower revenue per vehicle mile) and increased construction costs. According to CDOT, increases in construction costs as measured by the Construction Cost Index, have outpaced both the Department's revenues and general inflation. Essentially, \$1.00 in motor fuel tax revenue in 1991 would purchase less than \$0.40 in 2012.

A growing state population has also translated to increased vehicle miles traveled (VMT). The State grew to more than 5 million people in 2010, a 16.9 percent increase over the past decade, and the State Demographer projects that Colorado will grow to almost 6.0 million people by 2020. The growth in vehicle miles traveled (VMT) has outpaced this population growth, exerting increased pressure on the system. Indeed, the growth in VMT directly affects congestion and mobility, and it accelerates wear and tear on the road surface and bridges.

Vehicle size and weight are even more significant determinants in surface quality deterioration than population growth. Pavement thickness, for example, is a direct result of anticipated traffic volume and weight of vehicles. A stretch of highway that handles 80,000 cars per day but no trucks requires seven inches of pavement, while a stretch of highway that handles 8,000 cars and 4,000 trucks requires eight inches of pavement. Because HUTF distributions make up the majority of CDOT funding, fluctuations in revenues as a result of changes in behavior (e.g., increasing or decreasing vehicle miles of travel or changes in the size of vehicles) have a significant effect on the Department's budget.

Senate Bill 09-108 (Funding Advancement for Surface Transportation and Economic Recovery)

S.B. 09-108, or FASTER, legislation authorized the following new revenue sources:

- Road safety and bridge safety surcharges, each of which vary by vehicle weight and are collected through the same mechanism used for payment of registration fees and specific ownership taxes;
- A daily fee for the use of a rented motor vehicle;
- A supplemental oversize/overweight vehicle surcharge;
- An increased fee for the late registration of a motor vehicle; and
- An increased unregistered vehicle fine.

FASTER HUTF

The bill increased overall HUTF revenues as well as the share of the Department's revenues coming from registration fees and surcharges. Prior to the enactment of FASTER, motor fuel taxes accounted for more than 70.0 percent of total HUTF revenues. FASTER-related HUTF revenues, which include the road safety surcharge, rented vehicle fee, oversize/overweight surcharge, and late registration fee, have reduced the share of contribution to the HUTF attributed to motor fuel tax revenues to about 60.0 percent. By law, the proceeds of these revenue sources are distributed 60.0 percent to CDOT, 22.0 percent to counties, and 18.0 percent to municipalities, and are not subject to "off-the-top" appropriations.

FASTER Bridge Safety

The implementation of FASTER has also increased other revenues for the Department because not all of the legislation's fees and surcharges are credited to the HUTF. Bridge safety surcharge revenues are credited to the Statewide Bridge Enterprise Special Revenue Fund for the repair and

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rehabilitation of bridges rated as “poor”, i.e. functionally obsolete and structurally deficient. This dedicated fund is managed by the Statewide Bridge Enterprise. The Board of the Enterprise consists of members of the Transportation Commission.

High-Performance Transportation Enterprise (HPTE)

Senate Bill 09-108 also reconstituted the former Statewide Tolling Enterprise with the creation of the High-Performance Transportation Enterprise (HPTE). The HPTE has expanded authority to pursue innovative methods of financing the state's transportation system, including:

- Public-private partnerships;
- Operating concession agreements;
- User fee-based project financing;
- Availability payments; and
- Design-build contracting.

The bill authorizes the Enterprise to use road pricing on existing highway capacity as a congestion management tool if the Enterprise secures federal approval and the approval of all affected local governments. The Enterprise is governed by a seven-member board consisting of four appointees of the Governor and three members of the Transportation Commission. Both Enterprises are authorized to issue revenue bonds backed by their respective revenues.

FASTER Transit

Senate Bill 09-108 directed that \$10.0 million per year of the Department's share of highway safety surcharges and fees be expended on transit-related activities. Eligible activities include: planning, design, engineering, acquisition, installation, construction, repair, reconstruction, maintenance, operation, and administration. In addition, the General Assembly directed that \$5.0 million per year from the municipal and county shares of the S.B. 09-108 highway safety funds be credited to the State Transit and Rail Fund for grants to local governments for transit projects.

Senate Bill 09-228

Among other provisions, Senate Bill 09-228 (S.B. 09-228) set-up a General Fund transfer to the HUTF contingent on an increase in Colorado personal income. Colorado is expected to cross that personal income threshold in 2014, triggering a transfer in FY 2015-16. Senate Bill 09-228 and HUTF transfers are explained in greater depth later in this document as an Information Issue.

Availability of Federal Funds

The Department's total share of federal funds has fluctuated in recent years. Federal receipts increased to \$586.6 million in FY 2009-10, with an infusion of funds as a result of the ARRA. More recently, budgetary conditions, including the depletion of the surplus in the federal Highway Trust Fund, have resulted in "obligation limits" reducing each state's funding below the full amounts that were authorized in the federal *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) transportation authorization bill.

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CDOT receives federal funding for four purposes, including highways (Federal Highway Administration funds), safety (National Highway Traffic Safety Administration funds), transit (Federal Transit Administration funds), and aviation (Federal Aviation Administration funds). Federal funds provide a significant share of the CDOT's resources (40.0 percent of the Department's total appropriations for FY 2014-15), and fluctuations in federal funds, determined by multi-year authorization bills, affect the Department's annual budgetary outlook.

On July 6, 2012, President Obama signed the most recent authorization bill, the *Moving Ahead for Progress in the 21st Century Act* (MAP-21). The legislation updates and replaces SAFETEA-LU; specifically reauthorizing federal transportation programs, providing budget authority for federal transportation apportionments, and updating federal statutes governing the U.S. Department of Transportation and its various agencies and programs. The passage of MAP-21 reauthorized federal motor fuel taxes to support the Highway Trust Fund through September 30, 2016.

The Administrative Program Line

The Administration line was created by Section 43-1-113(2)(III), C.R.S., and includes the salaries and expenses for a variety of offices and programs. It is a "program" line, which gives CDOT discretion to move funds from personal services to operating (and vice versa) and also from one program to another without seeking approval from the General Assembly. Statute (Section 43-1-113 (6), C.R.S.) limits expenditures to no more than 5.0 percent of the total CDOT budget. The Administration section consists of several offices and divisions and provides administrative support for more than 3,000 FTE that work for the Department statewide.

The following table shows the Department's allocation of funding for personal services and operating expenses among the various organizations within Administration. Please note that because the Department includes common policy items and interagency payments in their reporting, the personal services and operating totals do not match those that are included in the numbers pages. Rather the numbers in the tables below match up with the total appropriations or expenditures for the line item. Additionally, because CDOT has the discretion to move funds from one program to another, the figures for FY 2014-15 and FY 2015-16 are only estimates.

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Department of Transportation FY 2015-16 Request for Administration Personal Services and Operating Expenses					
Administration Organization	FTE	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Estimate	FY 2015-16 Request
Transportation Commission	1.0	\$197,870	\$157,744	\$222,323	\$208,160
Personal Services	1.0	106,252	77,101	109,176	106,927
Operating Expenses	0.0	91,618	80,643	113,147	101,233
Office of Executive Director	3.0	467,758	652,397	577,859	561,195
Personal Services	3.0	430,151	602,708	521,690	510,940
Operating Expenses	0.0	37,607	49,689	56,169	50,255
Government Relations	9.0	745,247	795,243	986,818	960,442
Personal Services	9.0	710,934	760,969	915,506	896,639
Operating Expenses	0.0	34,313	34,274	71,312	63,803
Public Relations	8.5	661,037	849,227	897,248	869,628
Personal Services	8.5	606,978	767,202	789,421	773,154
Operating Expenses	0.0	54,059	82,025	107,827	96,474
Information Technology	0.0	3,575,873	1,455,196	5,737,094	4,497,976
Personal Services	0.0	988,588	0.0	0.0	0.0
Operating Expenses	0.0	2,587,285	1,455,196	5,737,094	4,497,976
Financial Management & Budget	8.0	781,774	958,691	1,014,885	989,386
Personal Services	8.0	762,090	935,907	960,737	940,939
Operating Expenses	0.0	19,684	22,784	54,148	48,447
Accounting Branch	27.5	1,762,822	1,939,280	2,496,028	2,427,349
Personal Services	27.5	1,727,601	1,900,197	2,398,075	2,348,657
Operating Expenses	0.0	35,221	39,083	97,953	78,692
Chief Eng. & Region Directors	16.0	1,621,477	1,553,234	2,346,612	2,271,487
Personal Services	16.0	1,492,146	1,405,353	2,030,562	1,988,716
Operating Expenses	0.0	129,331	147,881	316,050	282,771
Motor Pool Operations	2.0	50,841	273,192	418,873	385,931
Personal Services	2.0	35,353	114,522	131,818	129,102
Operating Expenses	0.0	15,488	158,670	287,055	256,829
Division of Administrative Services	79.5	5,771,768	6,829,840	7,804,518	7,555,608
Personal Services	79.5	5,084,794	5,932,717	6,764,506	6,625,107
Operating Expenses	0.0	686,974	897,123	1,040,012	930,501
Administrative Print Shop	12.0	1,136,010	1,350,279	1,706,281	1,585,697
Personal Services	12.0	486,443	480,207	697,630	683,253
Operating Expenses	0.0	649,567	870,072	1,008,651	902,444

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Office of Risk Management & Safety Education	8.0	450,427	460,978	537,055	523,532
Personal Services	8.0	436,044	435,978	508,072	497,602
Operating Expenses	0.0	14,383	25,000	28,983	25,930
Division of Audit	9.0	665,656	738,277	1,022,855	998,509
Personal Services	9.0	642,869	704,987	984,263	963,980
Operating Expenses	0.0	22,787	33,290	38,592	34,529
Office of Program Management	0.0	0.0	0.0	0.0	642,000
Personal Services	0.0	0.0	0.0	0.0	622,000
Operating Expenses	0.0	0.0	0.0	0.0	20,000
Office of Emergency Management	0.0	0.0	0.0	0.0	101,000
Personal Services	0.0	0.0	0.0	0.0	81,000
Operating Expenses	0.0	0.0	0.0	0.0	20,000
Interagency Payments, POTS and Common Policies and Contracts	0.0	0.0	0.0	105,326	103,155
Personal Services	0.0	0.0	0.0	105,326	103,155
Total Personal Services	183.5	\$13,510,243	\$14,117,848	\$16,916,782	\$17,271,173
Total Operating Expenses	0.0	4,378,317	3,895,730	8,956,993	7,409,884
TOTAL ADMIN LINE	183.5	\$17,888,560	\$18,013,578	\$25,873,775	\$24,681,057

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Summary: FY 2014-15 Appropriation & FY 2015-16 Request

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$1,282,492,152	\$0	\$748,358,535	\$19,773,476	\$514,360,141	3,326.8
Other legislation	<u>705,279</u>	<u>700,000</u>	<u>5,279</u>	<u>0</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$1,283,197,431	\$700,000	\$748,363,814	\$19,773,476	\$514,360,141	3,326.9
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$1,283,197,431	\$700,000	\$748,363,814	\$19,773,476	\$514,360,141	3,326.9
R1 Marijuana Impaired Driving Program Funding	450,000	0	450,000	0	0	0.0
Updated revenue projections	144,798,503	0	86,061,758	0	58,736,745	0.0
Centrally appropriated line items	0	0	34,811	0	(34,811)	0.0
Annualize Prior Year Legislation	<u>(705,279)</u>	<u>(700,000)</u>	<u>(5,279)</u>	<u>0</u>	<u>0</u>	<u>(0.1)</u>
TOTAL	\$1,427,740,655	\$0	\$834,905,104	\$19,773,476	\$573,062,075	3,326.8
Increase/(Decrease)	\$144,543,224	(\$700,000)	\$86,541,290	\$0	\$58,701,934	(0.1)
Percentage Change	11.3%	(100.0%)	11.6%	0.0%	11.4%	(0.0%)

R1 Marijuana impaired driving program funding: The Department is requesting \$450,000 from the Marijuana Cash Fund in FY 2015-16 to fund a statewide marijuana-impaired driving public education campaign. “Drive High, Get a DUI” would target male recreational marijuana users, ages 18-34, who have a higher binger risk, are likely to combine marijuana and alcohol, and are less aware of marijuana DUI laws and consequences. This funding would replace temporary funding received via an agreement with the Colorado Department of Public Health and Environment through the Marijuana Cash Fund. The “Drive High, Get a DUI” issue brief provides more detail and information about the request.

Updated revenue projections: The request includes a projected increase in the Department's cash fund (HUTF) revenues due to the expected S.B. 09-228 transfer. The request also includes an increase in the Department's estimated apportionment of federal funds.

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; and payment to risk management and property funds.

Issue: “Drive High, Get a DUI”

The Department of Transportation is requesting \$450,000 in cash funds from the Marijuana Tax Cash Fund for the “Drive High, Get a DUI” public education campaign. The first year was funded through an MOU with CDPHE.

SUMMARY:

- Proposition AA established a tax on retail marijuana sales. S.B. 14-215 specified allowable uses of the Marijuana Tax Cash Fund. Funding for “Drive High” was not specifically included in the allowable uses.
- The Department has used “Drive High, Get a DUI” to target male recreational marijuana users, ages 18-34. This group is most likely to have a higher binge risk, to mix marijuana and alcohol, and to be less aware of DUI laws and consequences, based on Department research.
- The campaign extends an existing campaign currently funded via a one-time agreement for FY 2014-15 with the Colorado Department of Public Health and Environment after the General Assembly did not include the campaign in S.B. 215.

DISCUSSION:

Amendment 64 and Proposition AA

Amendment 64, passed by the voters in November 2012, allows for an adult 21 years or older to consume or possess up to one ounce of marijuana. Effective January 1, 2014, the cultivation, processing, and retail sale of marijuana are allowed in Colorado.

In November 2013, Colorado voters approved Proposition AA that:

- Imposed a 15.0 percent state excise tax on the average wholesale price of retail marijuana when the product is first sold or transferred by a retail marijuana cultivation facility, with public school construction receiving the first \$40 million of any annual tax revenues collected;
- Imposed a 10.0 percent state sales tax on retail marijuana and retail marijuana products, in addition to the existing 2.9 percent state sales tax, to increase funding for the regulation and enforcement of the retail marijuana industry and to fund related health, education, and public safety costs;
- Directs 15.0 percent of the revenue collected from the 10.0 percent state sales tax to cities and counties where retail marijuana sales occur; and
- Allows the state legislature to increase or decrease the excise and sales taxes on retail marijuana so long as the rate of either tax does not exceed 15.0 percent.

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Under Amendment 64, the state excise tax is limited to 15.0 percent until January 1, 2017, and the state legislature can seek voter approval through another ballot measure to raise the excise tax rate above 15.0 percent to be effective on or after that date. Each year, the first \$40.0 million in revenue raised by the excise tax will be credited to the Building Excellent Schools Today program for constructing public schools. If the amount collected is greater than \$40.0 million, the excess will be used for marijuana regulation. The measure also adds a state sales tax to be applied when a consumer purchases retail marijuana or retail marijuana products at a licensed retail marijuana store. The sales tax rate is initially set at 10 percent. The state legislature can raise or lower the tax rate at any time through legislation, but cannot increase it above 15 percent without further voter approval. The 10 percent state sales tax on retail marijuana is in addition to current state and local sales taxes, which are applied to most retail purchases. All sales taxes will be applied to the retail price paid by the consumer, which includes the 15 percent state excise tax created by the measure. Medical marijuana is not subject to the additional sales tax created by the measure, but remains subject to the existing 2.9 percent state sales tax.

Senate Bill 14-215

Senate Bill 14-215 creates the Marijuana Tax Cash Fund (MTCF) and directs all sales tax moneys collected by the state beginning in FY 2014-15 from retail and medical marijuana to be deposited in the MTCF. Senate Bill 14-215 specified allowable uses for the MTCF, including the development and implementation of marijuana education and prevention campaigns. Funds intended for education and prevention campaign were appropriated exclusively to the Colorado Department of Public Health and the Environment.

“Drive High, Get a DUI” Program

The Colorado Department of Transportation (CDOT) is required by statute to manage various statewide public awareness campaigns around highway safety, including campaigns focused on drunk driving and seatbelt usage.

In FY 2014-15, CDOT used \$350,000 in federal funding from the National Highway Traffic Safety Administration to develop a public awareness campaign directed at marijuana impaired driving. “Drive High, Get a DUI” was launched, targeting male recreational marijuana users between ages 18 and 34. This audience was identified based off of their higher likelihood to mix marijuana and alcohol, higher binge risk, limited awareness of marijuana DUI laws and consequences, higher propensity for getting a DUI, and higher risk of being involved in an impaired driving fatality.

CDOT is currently operating this campaign with funding received from the Marijuana Tax Cash Fund via an agreement with the Colorado Department of Public Health and Environment (CDPHE). Funds were appropriated to CDPHE in FY 2014-15 for marijuana public awareness programs pursuant to Section 25-3.5-1001 C.R.S. Funds were not directly appropriated to CDOT for their proposed “Drive High, Get a DUI” campaign.

The FY 2015-16 request would continue the existing program, jointly managed by the CDOT Office of Transportation Safety and the CDOT Communications Office. The goals of the campaign include reductions in serious injuries and fatalities on Colorado roads, as well as

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declines in marijuana impaired driving behavior and citations. A description of estimated costs is included in the chart below.

Administration	\$20,000
Creative Development	\$125,000
Media Buying	\$200,000
Public Relations	\$100,000
Evaluation	\$5,000
Total	\$450,000

Staff has concerns that a statutory change may be required and is working with Legislative Legal Services.

Informational Issue: S.B. 09-228, TABOR, and HUTF Transfers

Senate Bill 09-228 General Fund transfers are expected in FY 2015-16, along with a rise in the TABOR surplus. This information issue brief provides an overview of the anticipated S.B. 09-228 transfers and the interaction with TABOR limit.

SUMMARY:

- An expected rise in Colorado personal income above 5.0 percent in 2014 will trigger S.B. 09-228 General Fund transfers to the Highway Users Tax Fund (HUTF).
- Year-to-year growth in the General Fund is expected to lead to a surplus in 2015-16 and a TABOR refund in 2016-17, impacting the General Fund distribution to the HUTF.
- Legislative Council Staff project S.B. 09-228 transfers to the HUTF will total \$101.6 million in FY 2015-16 and will not occur in FY 2016-17 due to an increased TABOR surplus.
- Funds transferred to the HUTF from the S.B. 09-228 transfer would be used by CDOT for the implementation of high priority highway and bridge projects, with a minimum of 10.0 percent of funds required to go to high priority transit projects.

DISCUSSION:

Senate Bill 09-228

Senate Bill 09-228 (S.B. 09-228) replaces the transfers of General Fund associated with S.B. 97-001 and H.B. 02-1310 with transfers from the General Fund to the HUTF subject to annual appropriation by the General Assembly. Beginning in FY 2012-13, S.B. 09-228 requires a five-year block of transfers of 2.0 percent of General Fund revenues to the HUTF subject to a trigger based on growth of 5.0 percent in statewide personal income. If personal income increases by less than 5.0 percent in the calendar year, the entire five-year block of transfers is postponed until the first fiscal year in which the personal income trigger is met. Colorado personal income is expected to increase 5.4 percent in FY 2014, triggering the General Fund transfers in FY 2015-16. Once the personal income threshold is met for a single year, the 5-year block of transfers continues, regardless of the subsequent change in personal income.

TABOR

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), limits the amount of revenue the State may retain based on the prior year's income or revenue adjusted for inflation and population growth. TABOR requires surplus revenue to be returned to taxpayers via a refund when limits are met. Referendum C raised the starting base from FY 2007-08 revenue, but still adjusts year-to-year in line with the TABOR formula. Legislative Council Staff (LCS) project a TABOR refund beginning in 2016-17.

TABOR Restrictions on Senate Bill 09-228 Transfers

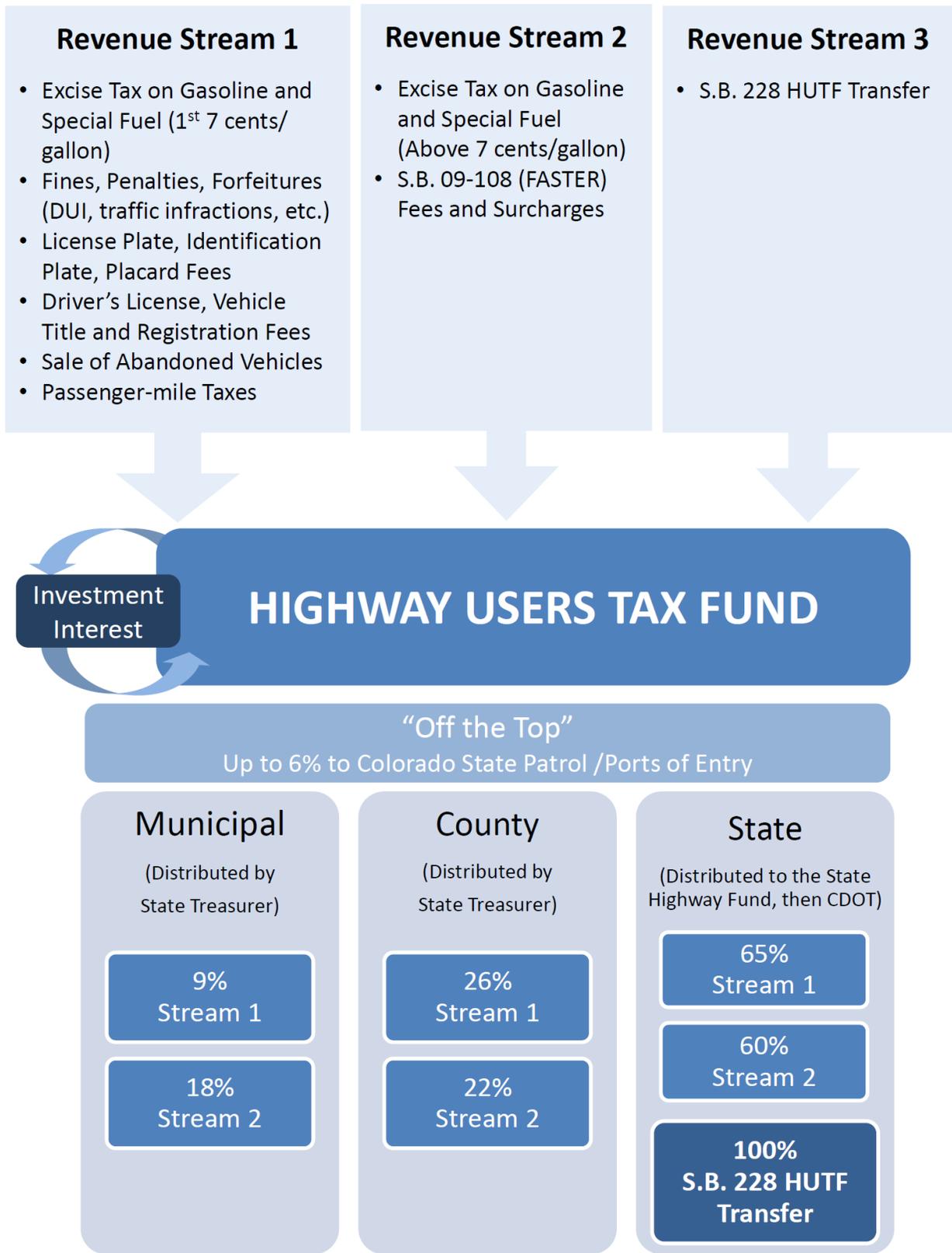
Senate Bill 09-228 limits the General Fund transfers in relation to TABOR refunds. If the amount of the TABOR refund is between 1.0 percent and 3.0 percent of General Fund revenues for the state fiscal year, the S.B. 09-228 transfer is reduced by half in that year. If TABOR refunds exceed 3.0 percent, the S.B. 09-228 transfer is eliminated. Simply put, if TABOR refunds increase, S.B. 09-228 transfers decrease. Legislative Council Staff (LCS) projects S.B. 09-228 transfers will be reduced by 50.0 percent in FY 2015-16 due to an expected 1.3 percent increase in General Fund revenues and the TABOR surplus. According to LCS projections, the TABOR surplus is expected to exceed 3.0 percent in 2016-17, eliminating the S.B. 09-228 transfer to the HUTF for that year.

TABOR Refund (as percentage of GF revenue)	S.B. 09-228 HUTF Transfer (as percentage of GF revenue)
Less than 1.0 percent	2.0 percent
1.0 percent - 3.0 percent	1.0 percent
Greater than 3.0 percent	No Transfer

Section 24-75-218 (4) (a), C.R.S.

S.B. 09-228 Fund Use

Whereas most funding into the HUTF is divided by statutory formulas among municipal, county, and state use, funds from S.B. 09-228 are designated solely for state use. Funds are transferred to CDOT via the HUTF, per Section 43-4-206 (2) (a), C.R.S. Funds are to be used specifically for implementation of the strategic transportation project investment program, in which high priority projects are identified by the Transportation Commission. No more than 90.0 percent of S.B. 09-228 funds are to be used for highway or highway-related capital improvements and no less than 10 percent of revenues are to be dedicated to transit or transit-related capital improvements. The chart on the following page provides a general overview of HUTF fund distribution, including S.B. 09-228 transfers.



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Appendix A: Number Pages

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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DEPARTMENT OF TRANSPORTATION
Donald Hunt, Executive Director

(1) 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 Operation line.

(A) Administration

Personal Services	<u>8,618,620</u>	<u>14,117,848</u>	<u>14,519,414</u>	<u>14,171,119</u>
FTE	165.0	183.5	183.5	183.5
General Fund	0	0	0	0
Cash Funds	8,219,949	13,411,956	13,849,611	13,488,526
Reappropriated Funds	398,671	705,892	669,803	682,593
Federal Funds	0	0	0	0
Operating Expenses	<u>9,441,122</u>	<u>7,765,630</u>	<u>4,198,126</u>	<u>4,198,126</u>
General Fund	0	0	0	0
Cash Funds	8,546,305	7,377,349	3,130,267	3,130,267
Reappropriated Funds	894,817	388,281	1,067,859	1,067,859
Federal Funds	0	0	0	0

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
SUBTOTAL - (A) Administration	18,059,742	21,883,478	18,717,540	18,369,245	(1.9%)
<i>FTE</i>	<u>165.0</u>	<u>183.5</u>	<u>183.5</u>	<u>183.5</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	16,766,254	20,789,305	16,979,878	16,618,793	(2.1%)
Reappropriated Funds	1,293,488	1,094,173	1,737,662	1,750,452	0.7%
Federal Funds	0	0	0	0	0.0%

(B) Centrally Appropriated Personal Services

Health, Life, and Dental	<u>1,053,775</u>	<u>952,974</u>	<u>1,034,108</u>	<u>1,034,108</u>
General Fund	0	0	0	0
Cash Funds	1,002,020	905,325	984,241	984,241
Reappropriated Funds	51,755	47,649	49,867	49,867
Federal Funds	0	0	0	0
Short-term Disability	<u>18,931</u>	<u>18,412</u>	<u>22,933</u>	<u>22,933</u>
General Fund	0	0	0	0
Cash Funds	17,997	17,491	21,995	21,995
Reappropriated Funds	934	921	938	938
Federal Funds	0	0	0	0
S.B. 04-257 Amortization Equalization Disbursement	<u>332,395</u>	<u>384,680</u>	<u>418,048</u>	<u>418,048</u>
General Fund	0	0	0	0
Cash Funds	319,119	369,431	400,878	400,878
Reappropriated Funds	13,276	15,249	17,170	17,170
Federal Funds	0	0	0	0

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>285,652</u>	<u>347,281</u>	<u>391,921</u>	<u>391,921</u>	
General Fund	0	0	0	0	
Cash Funds	274,243	333,514	375,824	375,824	
Reappropriated Funds	11,409	13,767	16,097	16,097	
Federal Funds	0	0	0	0	
Salary Survey	<u>0</u>	<u>268,388</u>	<u>279,252</u>	<u>278,911</u>	
General Fund	0	0	0	0	
Cash Funds	0	261,517	267,752	267,619	
Reappropriated Funds	0	6,871	11,500	11,292	
Federal Funds	0	0	0	0	
Merit Pay	<u>0</u>	<u>178,679</u>	<u>108,488</u>	<u>99,689</u>	
General Fund	0	0	0	0	
Cash Funds	0	171,247	102,938	95,653	
Reappropriated Funds	0	7,432	5,550	4,036	
Federal Funds	0	0	0	0	
Shift Differential	<u>24,452</u>	<u>27,528</u>	<u>30,582</u>	<u>30,582</u>	
General Fund	0	0	0	0	
Cash Funds	24,452	26,152	28,610	28,610	
Reappropriated Funds	0	1,376	1,972	1,972	
Federal Funds	0	0	0	0	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
SUBTOTAL - (B) Centrally Appropriated Personal					
Services	1,715,205	2,177,942	2,285,332	2,276,192	(0.4%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	1,637,831	2,084,677	2,182,238	2,174,820	(0.3%)
Reappropriated Funds	77,374	93,265	103,094	101,372	(1.7%)
Federal Funds	0	0	0	0	0.0%

(C) Miscellaneous Administration Accounts

Statewide Indirect Costs State Highway Funds	<u>125,319</u>	<u>123,760</u>	<u>129,937</u>	<u>129,937</u>
General Fund	0	0	0	0
Cash Funds	125,319	123,760	125,658	125,658
Reappropriated Funds	0	0	4,279	4,279
Federal Funds	0	0	0	0
Legal Services	<u>0</u>	<u>0</u>	<u>651,486</u>	<u>651,486</u>
General Fund	0	0	0	0
Cash Funds	0	0	651,486	651,486
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
General Insurance - Property & Liability	<u>2,900,725</u>	<u>2,787,211</u>	<u>2,679,701</u>	<u>2,679,701</u>
General Fund	0	0	0	0
Cash Funds	2,900,725	2,787,211	2,679,701	2,679,701
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Workers' Compensation	<u>493,769</u>	<u>440,580</u>	<u>553,451</u>	<u>553,451</u>	
General Fund	0	0	0	0	
Cash Funds	493,769	440,580	553,451	553,451	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
COFRS Modernization	<u>0</u>	<u>0</u>	<u>142,121</u>	<u>142,121</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	107,310	107,310	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	34,811	34,811	
OIT Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>(861,604)</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	(826,793)	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	(34,811)	
Payments to OIT	<u>0</u>	<u>0</u>	<u>6,727,713</u>	<u>6,727,713</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	6,727,713	6,727,713	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
SUBTOTAL - (C) Miscellaneous Administration					
Accounts	3,519,813	3,351,551	10,884,409	10,022,805	(7.9%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	3,519,813	3,351,551	10,845,319	10,018,526	(7.6%)
Reappropriated Funds	0	0	4,279	4,279	0.0%
Federal Funds	0	0	34,811	0	(100.0%)
TOTAL - (1) Administration					
	23,294,760	27,412,971	31,887,281	30,668,242	(3.8%)
<i>FTE</i>	<u>165.0</u>	<u>183.5</u>	<u>183.5</u>	<u>183.5</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	21,923,898	26,225,533	30,007,435	28,812,139	(4.0%)
Reappropriated Funds	1,370,862	1,187,438	1,845,035	1,856,103	0.6%
Federal Funds	0	0	34,811	0	(100.0%)

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(2) CONSTRUCTION, MAINTENANCE, AND OPERATIONS

This line item includes non-appropriated revenues to the Transportation Commission as well as the Division of Aeronautics. Totals in this line item represent non-appropriated funds.

Construction Maintenance, And Operations	<u>1,537,527,876</u>	<u>1,648,077,218</u>	<u>1,103,347,971</u>	<u>1,268,897,413</u> *
FTE	2,952.5	2,783.5	3,137.3	3,137.3
General Fund	0	0	700,000	0
Cash Funds	819,583,404	904,677,384	586,394,200	693,917,965
Reappropriated Funds	854,151	904,144	1,928,441	1,917,373
Federal Funds	717,090,321	742,495,690	514,325,330	573,062,075

TOTAL - (2) Construction, Maintenance, and Operations	1,537,527,876	1,648,077,218	1,103,347,971	1,268,897,413	15.0%
FTE	<u>2,952.5</u>	<u>2,783.5</u>	<u>3,137.3</u>	<u>3,137.3</u>	0.0%
General Fund	0	0	700,000	0	(100.0%)
Cash Funds	819,583,404	904,677,384	586,394,200	693,917,965	18.3%
Reappropriated Funds	854,151	904,144	1,928,441	1,917,373	(0.6%)
Federal Funds	717,090,321	742,495,690	514,325,330	573,062,075	11.4%

*This line item contains a decision item.

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(3) HIGH PERFORMANCE TRANSPORTATION ENTERPRISE

This section, created in S.B. 09-108, replaced the Statewide Tolling Enterprise created pursuant to S.B. 02-179 and H.B. 02-1310 and pursues public-private partnerships and other means of completing surface transportation projects, including collecting tolls on existing roadways if such projects are approved by local transportation entities. The amounts shown are included for informational purposes only.

High Performance Transportation Enterprise	<u>4,858,644</u>	<u>33,473,642</u>	<u>31,575,000</u>	<u>2,575,000</u>	
FTE	1.5	4.0	4.0	4.0	
General Fund	0	0	0	0	
Cash Funds	4,858,644	32,727,079	30,575,000	1,575,000	
Reappropriated Funds	0	746,563	1,000,000	1,000,000	
Federal Funds	0	0	0	0	

TOTAL - (3) High Performance Transportation Enterprise	4,858,644	33,473,642	31,575,000	2,575,000	(91.8%)
<i>FTE</i>	<u>1.5</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	4,858,644	32,727,079	30,575,000	1,575,000	(94.8%)
Reappropriated Funds	0	746,563	1,000,000	1,000,000	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(4) FIRST TIME DRUNK DRIVING OFFENDERS ACCOUNT

The line item is supported with fees paid to reinstate drivers' licenses following drunk driving convictions and provides funding for increased high visibility drunk driving law enforcement actions undertaken pursuant to H.B. 08-1194.

First Time Drunk Driving Offenders Account	<u>1,431,824</u>	<u>1,383,042</u>	<u>1,500,000</u>	<u>1,500,000</u>	
General Fund	0	0	0	0	
Cash Funds	1,431,824	1,383,042	1,500,000	1,500,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

TOTAL - (4) First Time Drunk Driving Offenders					
Account	1,431,824	1,383,042	1,500,000	1,500,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	1,431,824	1,383,042	1,500,000	1,500,000	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(5) STATEWIDE BRIDGE ENTERPRISE

This section was created in S.B. 09-108 and is funded through the bridge safety surcharge created in that bill. The enterprise's purpose is to facilitate the repair or replacement of bridges rated as in poor condition and either structurally deficient or functionally obsolete.

Statewide Bridge Enterprise	<u>8,690,299</u>	<u>11,383,446</u>	<u>114,881,900</u>	<u>124,100,000</u>	
FTE	0.0	2.0	2.0	2.0	
General Fund	0	0	0	0	
Cash Funds	8,690,299	11,383,446	99,881,900	109,100,000	
Reappropriated Funds	0	0	15,000,000	15,000,000	
Federal Funds	0	0	0	0	

TOTAL - (5) Statewide Bridge Enterprise	8,690,299	11,383,446	114,881,900	124,100,000	8.0%
<i>FTE</i>	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	8,690,299	11,383,446	99,881,900	109,100,000	9.2%
Reappropriated Funds	0	0	15,000,000	15,000,000	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
(6) SW CHIEF RAIL COMMISSION					
SW Chief Rail Commission	<u>0</u>	<u>0</u>	<u>5,279</u>	<u>0</u>	
FTE	0.0	0.0	0.1	0.0	
Cash Funds	0	0	5,279	0	
TOTAL - (6) SW Chief Rail Commission	0	0	5,279	0	(100.0%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>(100.0%)</u>
Cash Funds	0	0	5,279	0	(100.0%)
TOTAL - Department of Transportation	1,575,803,403	1,721,730,319	1,283,197,431	1,427,740,655	11.3%
FTE	<u>3,119.0</u>	<u>2,973.0</u>	<u>3,326.9</u>	<u>3,326.8</u>	<u>(0.0%)</u>
General Fund	0	0	700,000	0	(100.0%)
Cash Funds	856,488,069	976,396,484	748,363,814	834,905,104	11.6%
Reappropriated Funds	2,225,013	2,838,145	19,773,476	19,773,476	0.0%
Federal Funds	717,090,321	742,495,690	514,360,141	573,062,075	11.4%

Appendix B: Recent Legislation Affecting Department Budget

2013 Session Bills

S.B. 13-105: Supplemental appropriations act to modify FY 2012-13 appropriations.

S.B. 13-230: General appropriations act for FY 2014-15.

H.B. 13-1132: Conforms Colorado law with federal standards for vehicle weight limits for vehicles traveling on state highways and bridges. Passage avoids potential reductions in federal funding for transportation

2014 Session Bills

H.B. 14-1161(SW Chief Rail Commission): Creates the southwest chief rail line economic development, rural tourism, and infrastructure repair and maintenance commission within the Department of Transportation. Establishes the Commission's mission to coordinate and oversee efforts by the state and local governments, to cooperate with the states of Kansas and New Mexico, Amtrak, and the Burlington Northern and Santa Fe Railway (BNSF) to ensure continuation of existing Amtrak southwest chief rail line service in the state, expand such service to include a stop in Pueblo, and to explore the benefits of adding an additional stop in Walsenburg.

H.B. 14-1301 (Safe Routes to School): The Department currently administers the Safe Routes to School Program and distributes federal funds to state subdivisions for projects that improve the safety of pedestrians and bicyclists in school areas. Beginning in FY 2014-15, CDOT will no longer receive federal funds for distribution. Appropriates \$700,000 General Fund in FY 2014-15 for continuation of the program and specifies all grants awarded must be for non-infrastructure projects. Adds criteria that CDOT must consider when evaluating grant applications. Requires General Fund appropriations made to the program be reduced in any year that CDOT receives federal moneys for the program, by the amount of federal moneys received.

H.B. 14-1336 (Long Bill): General appropriations act for FY 2014-15.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

- 1** All departments except Department of Corrections, Department of Human Services, and Department of Public Safety, Totals – It is the intent of the General Assembly that when each department applies the 2.5 percent salary survey increase reflected in the salary survey line item appropriations, each employee shall receive a base-building increase up to the range maximum, and that salary survey increase amounts over the range maximum shall not be base-building.

Comment: The department is in compliance with this Footnote.

Requests for Information

The Department of Transportation does not have a Request for Information.

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department's indirect cost assessment methodology is calculated based on three processes: "Indirect Cost accumulation", "Indirect Cost distribution", and "Indirect Cost calculation". The Indirect Cost Allocation system is an automated process that allows the Department to define and accumulate costs for activities chargeable to highway projects but not attributable to a single project. These costs are considered project indirect costs and are included as project costs.

The Department incurs these indirect costs in indirect cost centers. Cost recoveries come from charging a fixed percentage of the Construction Engineering rate to the project, with the offset charged to the Indirect Cost Clearing Cost Center. This allows the Department to recover its costs and allocate them back to benefiting projects.

Total indirect costs accumulated in these centers for the 12 month period beginning on July 1 of the previous year and ending on June 30 of the current year make up the Indirect Costs Pool. For FY 2015-16 the Department's Indirect Cost is **\$69,000,000**. Table 1 outlines what is included in the Department's Indirect Costs Pool.

Table 1	
CDOT Indirect Costs Pool	
Item	FY 2015-16
Project Support Activities	\$ 18,856,341
Staff Branches	14,379,721
Engineering Region Offices	32,432,523
DTD - Environmental	3,236,738
Travel	94,677
Total Indirect Costs	\$ 69,000,000

The *Indirect Cost Base* is comprised of all Indirect Eligible Expenditures for participating CDOT projects for the 12 month period beginning on July 1 of the previous year and ending on June 30 of the current year. For FY 2015-16 the Department's Indirect Cost Base is **\$469,503,469**. Table 2 on the next page outlines what is included in the department's *Indirect Cost Base* (i.e. the total indirect eligible expenditures within the highway construction program).

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Table 2	
CDOT Indirect Cost Base	
Item	FY 2015-16
Surface Treatment	\$130,344,135
Structures On-System Program	26,766,321
Rockfall Mitigation	4,446,522
Highway Safety Investment Program	25,418,546
Railway-Highway Crossings Program	2,746,595
Hot Spots	1,889,470
Traffic Signals	1,284,106
FASTER - Safety Projects	49,086,119
Safety Education	9,669,006
Strategic Transportation Investment Program	80,508,210
TSM&O: Congestion Relief	3,487,468
Regional Priority Program	43,593,356
Bridge Enterprise Projects	89,762,291
High Performance Transportation Enterprise--Projects	501,324
Total Indirect Cost Base	\$469,503,469

The Indirect Cost Rate is calculated by dividing the total indirect costs accumulated in all of CDOT's Indirect Cost Centers for the 12 month period beginning on July 1 of the previous year and ending on June 30 of the current year by the total Indirect Eligible Expenditures from the same 12 month period. Cost recoveries come from charging a fixed percentage (Indirect Cost Rate) of the Construction Engineering rate to a project, with the offset charged to the appropriate Indirect Cost Center. Simply put, the Indirect Cost Rate is the Pool divided by the Base. Projects which are not administered by CDOT are exempt from the allocation, and the Indirect Cost Rate in effect on the date of project award does not change for the life of that project. Table 3 illustrates how the *Indirect Cost Rate* is calculated.

Table 3	
CDOT Cost Rate	
Total Indirect Cost Pool	\$69,000,000
Total Indirect Cost Base	\$469,503,469
Indirect Cost Rate (Base/Pool)	14.7%

FY 2015-16 Indirect Cost Assessment Request

The Department does not include indirect cost assessment lines in its budget request. All departmental indirect costs are recovered from and allocated back to programs housed within the "non-appropriated" portion of the CDOT budget. Most policy and budget authority for CDOT rests with the Transportation Commission, pursuant to Section 43-1-113 (1), C.R.S. Funds controlled by the Transportation Commission are reflected for informational purposes in three

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Long Bill line items: Construction, Maintenance, and Operations; the High Performance Transportation Enterprise (created by S.B. 09-108); and the Statewide Bridge Enterprise (created by S.B. 09-108). These line items are included in the Long Bill as estimates of the anticipated revenues available to the Commission. Because all departmental indirects fall within this category, staff does not recommend separating out indirect cost assessment lines at this time.

Appendix E: SMART Act Annual Performance Report

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Department of Transportation is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. The report dated October 31, 2014 is attached for consideration by the Joint Budget Committee in prioritizing the Department's budget requests.



Department of Transportation Annual Performance Report

Strategic Policy Initiatives

The Colorado Department of Transportation (CDOT) has identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, CDOT has selected a few initiatives that best capture the Department’s strategic and operational priorities and reflect the overall direction identified by Department leadership.

These initiatives include:

Safety - Reduce traffic fatalities and serious injuries and work toward zero deaths for all users.

Infrastructure Condition - Preserve the transportation infrastructure condition to ensure safety and mobility at a least life-cycle cost.

System Performance - Improve system reliability and reduce congestion, primarily through operational improvements and secondarily through the addition of capacity. Support opportunities for choice among transportation modes, including automobiles, bicycles, transit and rail, aviation and pedestrian modes.

Environmental Stewardship - Enhance the performance of the transportation system while minimizing the impact to and encouraging the preservation of the environment.

Reduced Project Delivery Delays - Reduce project costs, promote jobs and the economy, and expedite the movement of people and goods by accelerating project completion through eliminating delays in the project development and delivery process.

These initiatives provide context for much of CDOT’s day-to-day work, some of which is highlighted in the measures section of this report. Additional detail for these and other strategic policy initiatives is available in the Department’s Performance Plan, which may be accessed [here](#).

Operational Measures

Safety

Process – Implement safety programs.

Measure	CY11 Actual	CY12 Actual	CY13 Actual	1-Year Goal	3-Year Goal
Fatalities per 100 million vehicle miles traveled (calendar-year measurement)	0.96	1.01	1.03 (preliminary)	0.99 (for CY15)	0.95 (for CY17)



Department of Transportation Annual Performance Report

Measure	CY11 Actual	CY12 Actual	CY13 Actual	1-Year Goal	3-Year Goal
Serious injuries per 100 million vehicle miles traveled	6.80	6.98	6.86	6.46 (for CY15)	6.06 (for CY17)

The fatality rate on Colorado's roadways increased from 1.01 fatalities per 100 million vehicle miles traveled (VMT) in 2012 to 1.03 per 100 million vehicle miles traveled in 2013. The long-term trend, however, remains downward due in part to a continued focus on safety from CDOT's behavioral, enforcement and engineering programs. These programs are made possible because of funding from the FASTER Safety program, the Highway Safety Improvement Program (HSIP), the National Highway Traffic Safety Administration (NHTSA), and other sources. There also has been increased coordination with safety stakeholders through the State Strategic Highway Safety Plan. Note: The fatalities rate in previous Performance Plans was reported as a five-year rolling average. CDOT this year will begin reporting on a single-year basis due to the belief that this presentation is clearer. Using the five-year average, the Department met its previously reported goal of 1.0 fatalities per 100 million vehicle miles traveled—with an average of 0.99 fatalities per 100 million vehicle miles traveled for 2009-2013.

The rate of serious injuries on Colorado's roadways declined from 6.98 per 100 million vehicle miles traveled in 2012 to 6.86 per 100 million vehicle miles traveled in 2013. CDOT this year has changed the way it reports serious injuries to align with performance measures being developed under MAP-21, the most recent federal transportation authorization. The numbers reported here use the expected federal definition and are therefore lower than figures reported in last year's Performance Plan.

Process - Select and deliver FASTER safety projects.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of the FASTER Safety fiscal-year budget encumbered or expended by June 30	69.0%	66.0%	57.0%	80.0%	80.0%

This measure's goal of 80 percent was not met in FY 2014-15 due to programmatic, boundary and budget changes. The program and policy changes now in place will help meet goals in future fiscal years. A clearer definition of the responsibilities of CDOT's regions and headquarters will improve delivery of the FASTER Safety program.

Infrastructure Condition

Process – Preserve, resurface and rehabilitate roads with optimized application of cost-effective pavement treatments.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of pavement on state highway NHS, excluding Interstates, with high and moderate Drivability Life	N/A	83.0%	Not yet available.	80.0%	80.0%
Percentage of Interstate pavement statewide in high and moderate condition based on Drivability Life	N/A	86.0%	Not yet available.	80.0%	80.0%

CDOT has not yet finalized fiscal year 2014 data for pavement condition.



Department of Transportation Annual Performance Report

Process - Maintain the state’s transportation infrastructure. This includes processes such as plowing and removing snow; proactively controlling avalanches; and maintaining traffic signals, striping and guardrails.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Overall Maintenance Levels-of-Service grade for state highway system	B-	B	B-	B-	B-
Level-of-Service grade for snow-and-ice control	B	B	B	B	B
Level-of-Service grade for traffic services	C+	B-	C+	C (for FY15)	TBD

In FY 2013-14, CDOT met its targets for the three maintenance metrics above. This included meeting the target of a "B-" grade for overall Maintenance Levels of Service (MLOS); meeting the "B" target for Snow and Ice Control; and meeting the "C+" target for Traffic Services. The Traffic Services Maintenance Program Area (MPA) includes striping, signals, signing and lighting.

With limited maintenance funds, CDOT continues to weigh the appropriate funding level for each Maintenance Program Area. The Department formed a Striping Task Force in fall 2014 to re-evaluate striping production and associated performance targets. The task force will focus on identifying creative and innovative improvements to the striping program.

Process – Regularly inspect bridges. Replace, repair, or conduct major rehabilitation to Structurally Deficient bridges.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of state highway bridge deck area that is Not Structurally Deficient	93.0%	94.0%	94.0%	90.0%	90.0%
Percentage of National Highway System bridge deck area that is Not Structurally Deficient	94.0%	95.0%	95.0%	90.0%	90.0%

CDOT met its goal in 2014 of ensuring that 90 percent or more of deck area on both the state highway system and the National Highway System is Not Structurally Deficient. Colorado's bridges are among the best in the nation, thanks in part to replacements funded by the Colorado Bridge Enterprise. Operating as a government-owned business within CDOT, the CBE was created by FASTER legislation to finance the repair and reconstruction of state-owned vehicle bridges.

System Performance

Process – Implement Intelligent Transportation Systems, performing effective maintenance and other strategies.

Measure	CY11 Actual	CY12 Actual	CY13 Actual	1-Year Goal	3-Year Goal
Planning Time Index value for Interstates	1.23	1.23	1.25	1.25	1.25

CDOT met the Planning Time Index goal of 1.25 for Interstates in 2013. The index is just one metric that CDOT is exploring to measure reliability. The Department will have greater ability in future years to provide context for performance results for this metric, which was developed in 2013.



Department of Transportation Annual Performance Report

Environmental Stewardship

Process – Obtain permits from the Colorado Department of Public Health and the Environment to discharge storm water from roadway projects. Mitigate project-area water discharge.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Number of Environmental Compliance Violations to CDOT from the Colorado Department of Public Health and the Environment	0	0	0	0	0

The Department met its goal of zero violations in FY 2013-14. This was accomplished through the efforts of environmental staff in the Regions and at CDOT's headquarters, which included working in partnership with the Colorado Department of Public Health and the Environment.

Reduced Project-Delivery Delays

Process – Manage the preconstruction phases (design, environmental, right-of-way, utilities) of projects effectively.

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percent of projects advertised before or within 30 days of the advertisement date estimated on July 1	50.0%	70.0%	49.0%	80.0%	80.0%

Of projects planned in July 2013 to be advertised to the contracting community, 49 percent met their advertisement dates during fiscal year 2014. This was short of the goal of 80 percent. Extreme flooding in fall 2013 and CDOT's consolidation of Transportation Regions from six to five Regions resulted in lower-than-expected outcomes for this measure. CDOT anticipates its new Program Management initiative will improve program delivery, which may be measured by a different metric in future Performance Plans.

Appendix F: Motor Fuel Tax History

Colorado Motor Fuel Tax Rates

Tax Rate (cents)	Fuel	Effective Dates
1.0	Gas & Diesel	January 1, 1919 to December 31, 1922
2.0	Gas & Diesel	January 1, 1923 to December 31, 1926
3.0	Gas & Diesel	January 1, 1927 to December 31, 1928
4.0	Gas & Diesel	January 1, 1929 to December 31, 1933
5.0	Gas & Diesel	January 1, 1934 to December 31, 1934
4.0	Gas & Diesel	January 1, 1935 to December 31, 1946
6.0	Gas & Diesel	January 1, 1947 to July 31, 1965
7.0*	Gas & Diesel	August 1, 1965 to August 31, 1966
6.0	Gas & Diesel	September 1, 1966 to June 30, 1969
7.0	Gas & Diesel	July 1, 1969 to July 1, 1981
9.0	Gas & Diesel	July 2, 1981 to June 30, 1983
12.0	Gas	July 1, 1983 to June 30, 1986
18.0	Gas	July 1, 1986 to July 31, 1989
20.0	Gas	August 1, 1989 to December 31, 1990
22.0	Gas	January 1, 1991 to present
13.0	Diesel	July 1, 1983 to June 30, 1986
20.5	Diesel	July 1, 1986 to June 30, 1989
18.5	Diesel	July 1, 1989 to July 31, 1989
20.5	Diesel	August 1, 1989 to December 31, 1989
18.0	Diesel	January 1, 1990 to December 31, 1991
20.5	Diesel	January 1, 1992 to present

*A 1-cent motor fuel tax for 1965 flood disaster relief was passed effective August 1, 1965 through August 31, 1966.

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Federal Fuel Tax Rates

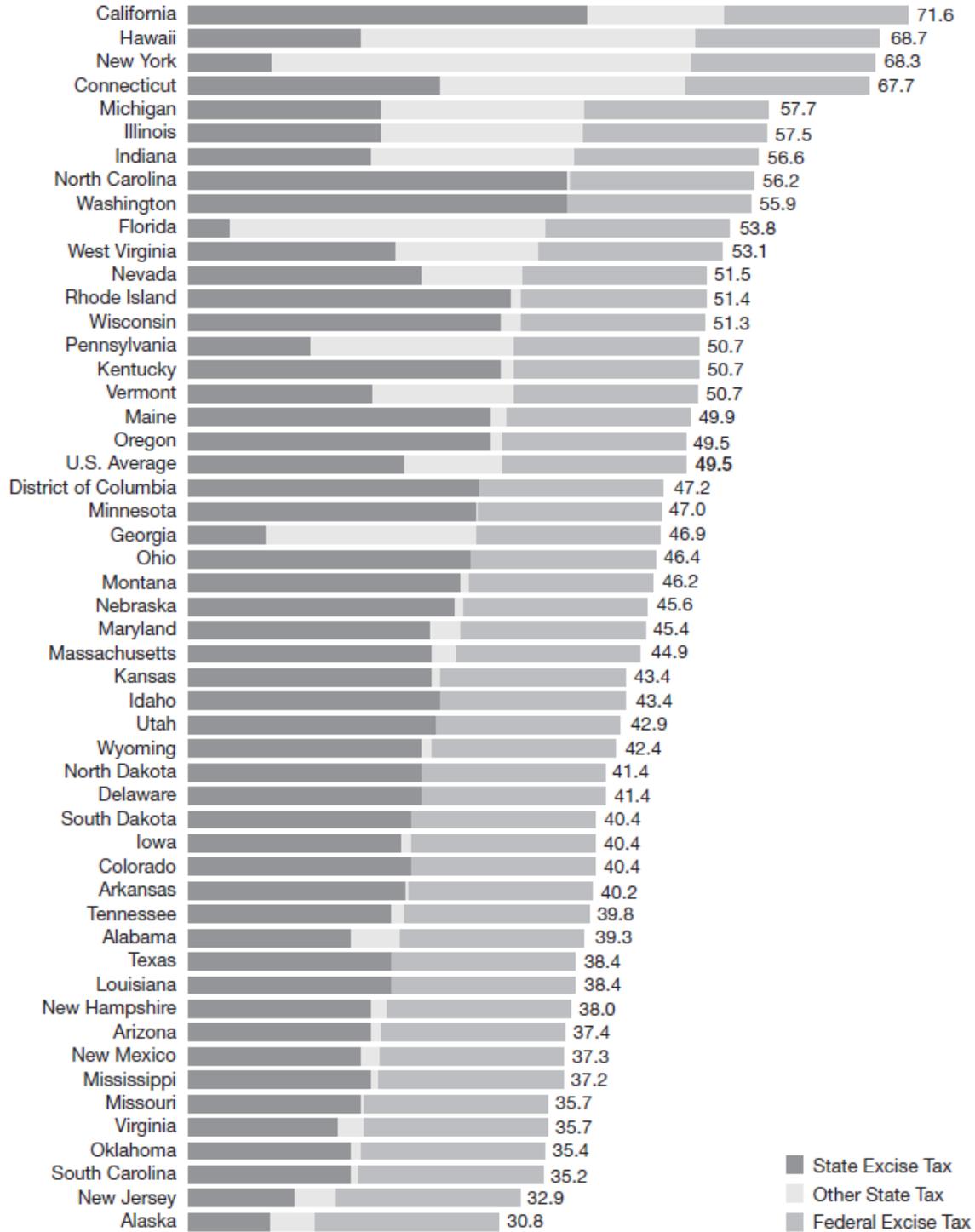
Tax Rate (cents)	Fuel	Effective Dates
1.0	Gas	June 21, 1932 to June 16, 1933
1.5	Gas	June 17, 1933 to December 31, 1933
1.0	Gas	January 1, 1934 to June 30, 1940
1.5	Gas	July 1, 1940 to October 31, 1951
2.0	Gas & Diesel	November 1, 1951 to June 30, 1956
3.0	Gas & Diesel	July 1, 1956 to September 30, 1959
4.0	Gas & Diesel	October 1, 1959 to March 31, 1983
9.0	Gas	April 1, 1983 to November 30, 1990
14.1*	Gas	December 1, 1990 to September 30, 1993
18.4**	Gas	October 1, 1993 to December 31, 1995
18.3	Gas	January 1, 1996 to September 30, 1997
18.4**	Gas	October 1, 1997 to present
9.0	Diesel	April 1, 1983 to July 31, 1984
15.0	Diesel	August 1, 1984 to November 30, 1990
20.1*	Diesel	December 1, 1990 to September 30, 1993
24.4**	Diesel	October 1, 1993 to December 31, 1995
24.3	Diesel	January 1, 1996 to September 30, 1997
24.4**	Diesel	October 1, 1997 to present

* Includes 0.1 cent per gallon tax dedicated to the Leaking Underground Storage Tank Fund effective January 1, 1987. Collection of the tax was suspended for the period September 1, 1990 through December 1, 1990. The 14.1 cents per gallon rate includes 2.5 cents per gallon for reduction of the national debt.

**Includes 0.1 cent per gallon tax dedicated to the Leaking Underground Storage Tank Fund. This amount Includes 6.8 cents per gallon tax for reduction of the national debt. Effective October 1, 1995, 2.5 cents of the 6.8 cents is dedicated to the Federal Highway Trust Fund. The remaining 4.3 cents does not expire.

Appendix G: Gasoline and Diesel Taxes by State

Gasoline Motor Fuel Taxes as of October 2013



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Diesel Motor Fuels Taxes as of October 2013

