

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2014-15 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. It 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 directs policy and adopts departmental budgets and programs. Some of CDOT's specific duties include:

- Operation of the 9,146 mile state highway system, which includes 3,437 bridges and handles over 28 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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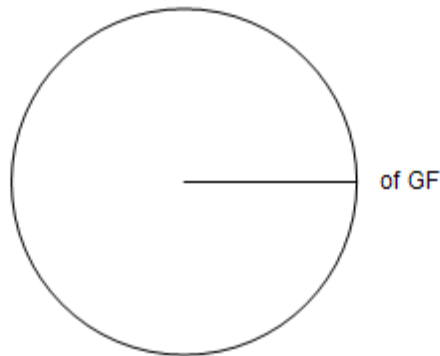
Department Budget: Recent Appropriations

Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Cash Funds	699,088,197	706,181,582	759,829,076	748,891,518
Reappropriated Funds	4,886,656	3,763,059	19,775,304	19,775,304
Federal Funds	<u>404,145,023</u>	<u>409,409,045</u>	<u>488,142,984</u>	<u>514,325,330</u>
Total Funds	\$1,108,119,876	\$1,119,353,686	\$1,267,747,364	\$1,282,992,152
Full Time Equiv. Staff	3,315.5	3,308.8	3,317.5	3,326.8

*Requested appropriation.

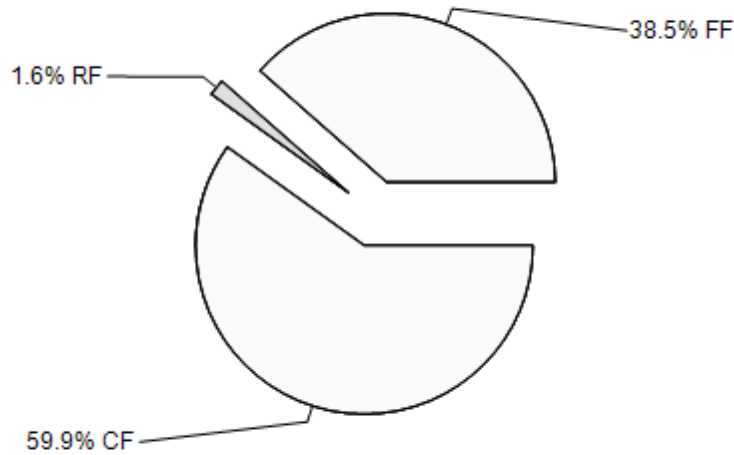
Department Budget: Graphic Overview

Department's Share of Statewide General Fund



The Department did not receive a General Fund Appropriation in FY 2013-14

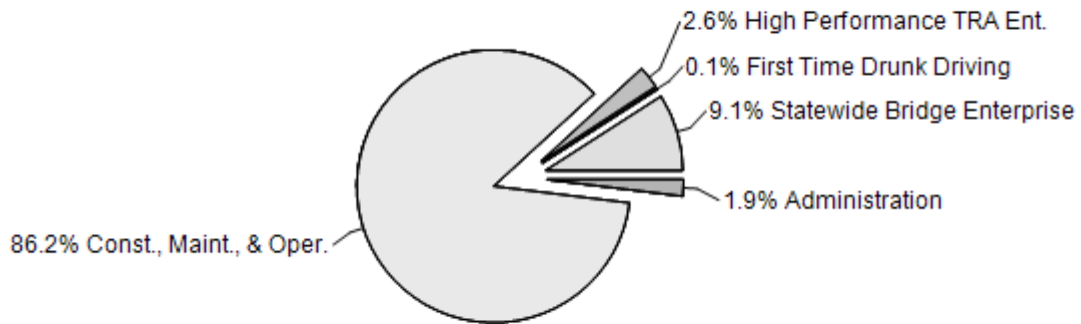
Department Funding Sources



Distribution of General Fund by Division

The Department did not receive a General Fund
Appropriation in FY 2013-14

Distribution of Total Funds by Division



General Factors Driving the Budget

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. By statutory formula, CDOT receives approximately half of the State's monthly HUTF distributions. Please see the flowchart included in Appendix F for a visual overview of HUTF fund sources and 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 \$.184 per gallon of gasoline and \$.244 per gallon of diesel fuel since 1997. Please see Appendix G for a brief history of each of these excise taxes. Taken together, the total excise taxes for Colorado are \$.404 per gallon of gas and \$.449 per gallon of diesel. The average fuel taxes for all states are \$.495 per gallon of gas and \$.550 per gallon of diesel; leaving Colorado in the bottom half. Please see Appendix H for a breakout of total gasoline and diesel fuel taxes by state.

As fuel efficiency continues to increase, drivers have to pay less per mile driven each year that fuel excise taxes remain the same. Additionally, costs continue to rise because of the climbing price of construction, population growth, and increased vehicle size and weight. 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 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 (FASTER)

The FASTER legislation authorized the following new revenue sources:

- A road safety surcharge and a bridge safety surcharge, 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.

Until recently, the Department defended the constitutionality of portions of FASTER and on July 19, 2013, Denver District Court Judge Michael Martinez found the law did not violate the TABOR restrictions. The ruling held that the Colorado Bridge Enterprise is an exempted enterprise under TABOR and its assessment is a “fee” and not a “tax.”

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 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 percent. By law, the proceeds of these revenue sources are distributed 60 percent to CDOT, 22 percent to counties, and 18 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 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 the members of the Transportation Commission.

FASTER Tolling

Senate Bill 09-108 also reconstituted the former Statewide Tolling Enterprise with expanded authority to pursue innovative methods of financing the state's transportation system, including:

- Public-private partnerships;
- Operating concession agreements;

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- 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 CDOT Enterprises are authorized to issue revenue bonds backed by their respective revenues.

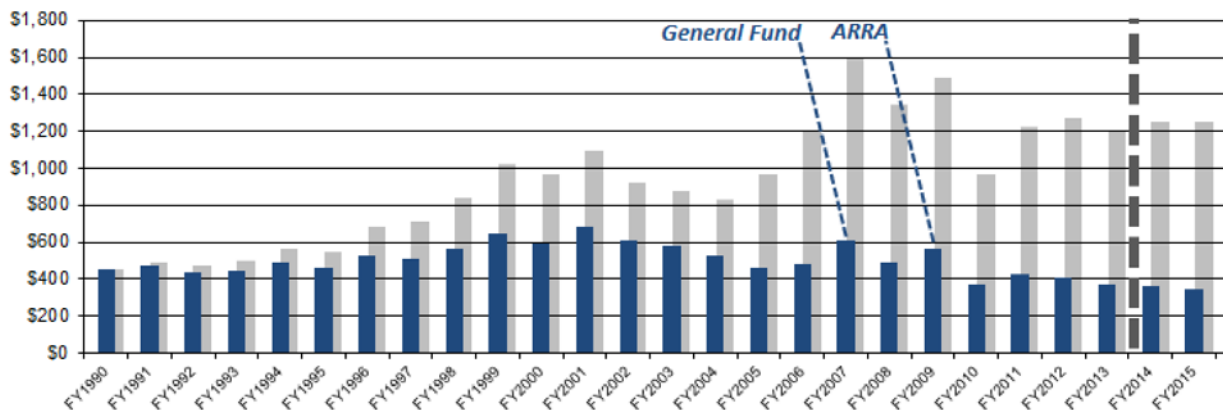
FASTER Transit

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. These transit-dedicated funds are ineligible for alternative use.

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 HUTF. Non-General Fund HUTF revenues have been more consistent. The following chart displays total CDOT funding by fiscal year in millions of dollars; the light grey bar displays actual funding and the darker grey is funding adjusted for inflation using the Colorado Construction Cost Index:

Total CDOT Funding and Funding Adjusted for Inflation by Fiscal Year (in Millions of Dollars)



The rise in total revenues from FY 2007 and FY 2009 is largely a result of the implementation of FASTER and federal legislation, the *American Recovery and Reinvestment Act of 2009* (ARRA).

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However, the estimates for FY 2014-15 and forward represent FASTER revenues leveling off as expected and termination of funding from ARRA.

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. As shown in the chart above, 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.

Senate Bill 09-228 repeals the transfers of General Fund associated with S.B. 97-001 and H.B. 02-1310, making transfers from the General Fund to the HUTF subject to annual appropriation by the General Assembly. Senate Bill 09-228 requires transfers of 2.0 percent of General Fund revenues to the HUTF for FY 2013-14 through FY 2017-18 under certain conditions, but it does not require any General Fund transfers prior to FY 2014-15. The five-year block of transfers from FY 2013-14 through FY 2017-18 is subject to a trigger based on growth in statewide personal income. If personal income increases by less than 5.0 percent in calendar year 2014, the entire five-year block of transfers is postponed until the first fiscal year in which the personal income trigger is met. The September Legislative Council revenue forecast and OSPB project personal income to grow by over 5 percent in 2014, triggering the first year of these transfers in FY 2015-16. The HUTF will receive a transfer estimated between \$194.3 million and \$204.8 million in General Fund revenue if the trigger is met.

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. The table below illustrates how much federal funding for CDOT has fluctuated.

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CDOT Federal Revenues in Millions of Dollars				
Actual	Actual	Estimated	Estimated	Estimated
FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14
\$586.6	\$682.4	\$587.2	\$409.4	\$488.1

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 (39.5 percent of the Department’s total appropriations for FY 2013-14), 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 tables show 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 2013-14 and FY 2014-15 are only estimates.

Department of Transportation FY 2014-15 Request for Administration Personal Services					
Administration Organization	FTE	FY 2011-12		FY 2013-14	
		Actual	Actual	Estimate	FY 2014-15 Request
Transportation Commission	1	\$ 79,425	\$ 106,252	\$ 94,846	\$ 109,176
Office of Executive Director	3	469,048	430,151	453,214	521,690
Government Relations	9	672,036	710,934	795,337	915,505

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Public Relations	8.5	651,806	606,978	685,803	789,421
Information Technology	0	949,000	1,243,163	-	-
Financial Management & Budget	8	1,144,579	762,090	834,632	960,737
Accounting Branch	27.5	1,736,299	1,727,601	2,083,307	2,398,075
Chief Eng. & Region Directors	16	1,664,034	1,492,146	1,764,032	2,030,561
Motor Pool Operations	2	67,819	35,353	114,516	131,818
Division of Administrative Services	79.5	5,416,720	5,405,892	5,876,605	6,764,506
Administrative Print Shop	12	428,209	165,345	606,060	697,630
Office of Risk Management & Safety Education *Moved to Public Safety FY12	8	401,391	436,044	441,383	508,072
Division of Audit	9	692,702	642,869	855,070	984,263
Interagency Payments, POTS and Common Policies and Contracts	0	-	-	91,501	105,326
Total Personal Services	183.5	\$ 14,373,068	\$ 13,764,818	\$ 14,696,306	\$ 16,916,782

Department of Transportation FY 2014-15 Request for Administration Operating Expenses				
Administration Organization	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Estimate	FY 2014-15 Request
Transportation Commission	\$ 94,965	\$ 91,618	\$ 97,602	\$ 113,147
Office of Executive Director	39,361	37,607	48,452	56,169
Government Relations	27,001	34,313	61,514	71,312
Public Relations	47,704	54,059	93,013	107,827
Information Technology	3,676,904	2,587,285	3,435,249	7,246,539
Financial Management & Budget	21,408	19,684	46,709	54,148
Accounting Branch	33,945	35,221	75,869	87,953
Chief Eng. & Region Directors	142,362	129,331	272,628	316,050
Motor Pool Operations	107,498	15,488	247,616	287,055
Division of Administrative Services	777,734	686,974	897,123	1,040,011
Div of Admin Srvs - Fund 606 Print Shop	616,851	156,409	870,072	1,008,651
Office of Risk Management & Safety Education	13,527	14,383	25,000	28,982
Division of Audit	26,246	22,787	33,290	38,592
Interagency Payments and Common Policies and Contracts	<u>3,830,826</u>	<u>4,592,416</u>	<u>3,858,115</u>	<u>4,472,610</u>
Total Operating	<u>9,456,332</u>	<u>8,477,575</u>	<u>10,062,252</u>	<u>14,929,047</u>
TOTAL ADMIN LINE	\$ 23,829,400	\$ 22,242,393	\$ 24,758,558	\$ 31,845,829

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Summary: FY 2015-16 Appropriation & FY 2016-17 Request

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	<u>\$1,267,747,364</u>	<u>\$0</u>	<u>\$759,829,076</u>	<u>\$19,775,304</u>	<u>\$488,142,984</u>	<u>3,318</u>
TOTAL	\$1,267,747,364	\$0	\$759,829,076	\$19,775,304	\$488,142,984	3,317.5
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$1,267,747,364	0	\$759,829,076	\$19,775,304	\$488,142,984	3,317.5
R1 Restoration of FTE and associated funding	0	0	0	0	0	9.3
R2 Transfer OIT budget from CM&O to Administrative	0	0	0	0	0	0.0
R3 Increase FTDD amount pursuant C.R.S. 42-2-132.5 (4)(a)(II)	500,000	0	500,000	0	0	0.0
Updated revenue projections	14,365,110	0	(11,803,584)	(13,652)	26,182,346	0.0
Centrally appropriated line items	303,821	0	290,169	13,652	0	0.0
Indirect cost assessment adjustment	75,857	0	75,857	0	0	0.0
Non-prioritized requested changes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,282,992,152	\$0	\$748,891,518	\$19,775,304	\$514,325,330	3,326.8
Increase/(Decrease)	\$15,244,788	\$0	(\$10,937,558)	\$0	\$26,182,346	9.3
Percentage Change	1.2%	0.0%	(1.4%)	0.0%	5.4%	0.3%

R1 Restoration of FTE and associated funding: The Department is requesting an increase of \$1,590,193 and 14.5 to the Department’s Administrative line. The request moves 5.2 FTE from the Construction, Maintenance, and Operations line, which is why the above information reflects an increase of only 9.3 FTE. Additionally, the request transfers \$1,590,193 from the Construction, Maintenance, and Operations line because the Department requests the funding for this item come from the State Highway Fund. There is not General Fund impact. *A detailed issue brief on this request follows.*

R2 Transfer OIT budget from Construction, Maintenance, and Operations to Administrative: The Department is requesting authority to move all information technology line items to the Administrative line. The move has a net zero effect on the Department’s total budget and increases General Assembly oversight by moving it to the Administrative line.

R3 Increase FTDD amount pursuant C.R.S. 42-2-132.5(4)(a)(II): The request includes an increase of \$500,000 from the First Time Drunk Driving Offenders Account to increase the high

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visibility drunk driving enforcement episodes it already performs. *A detailed issue brief on this request follows.*

Updated Revenue Projections: The request includes a decrease in in the Department's cash fund revenues, including the State Highway Fund, the State Aviation Fund, MOST, LEAF, tolling revenues under the High Performance Transportation Enterprise, and Bridge Safety Surcharge revenues. 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.

Indirect cost assessment adjustment: The request includes a net increase in the State Highway Fund indirect cost assessment.

Non-prioritized requested changes: The request includes the following changes from the Office of Information Technology: secure Colorado phase II, eliminate redundant applications, Capitol Complex network resiliency, IT service management ecosystem, DTRS operations increase, and IT technical development.

Informational Issue: Flooding and FHWA Emergency Relief Program

The Department of Transportation is responsible for maintenance and repair of the State Highway System. During September 2013 a substantial downpour of rain caused major flooding in the Front Range and eastern Colorado. The flooding caused substantial damage to the State Highway System which led the State of Colorado and the Department of Transportation to seek additional emergency relief funding through the Federal Highway Administration Emergency Relief Program. This brief is narrowly tailored to the effects to the federal aid roads caused by the flooding and does not include information on local non-federal aid roads.

SUMMARY:

- The latest very high level estimates of damage to the state highway system includes approximately \$535 million repair costs. The damage includes 27 highways and interstates and 120 bridges.
- The Emergency Relief Program administered by the Federal Highway Administration will provide 100% to all federal-aid roads with repairs made within 180 days. After the 180 day period the Administration will reimburse repairs made within the second federal fiscal year after the disaster.
- In September 2013, the Colorado Department of Transportation made it a goal to make all road repairs to the state highway system before December 1, 2013 because many techniques used in road construction become less effective once the ground freezes. Ahead of schedule, the Department finalized all temporary road repairs to state highways on November 26, 2013.
- Included in the Federal Budget Package signed in October 2013 was a provision lifting the statutory cap on the amount of federal funds available under the Emergency Relief Program to Colorado for flood relief from \$100 million to \$450 million.

DISCUSSION:

Background

Flooding of historic proportion in September 2013 severely damaged the transportation infrastructure in northern and eastern Colorado. From the afternoon of September 9 to midday September 13, 14.6 inches of rain fell on Boulder, with similar amounts in Larimer County and continued run-off and rain in Weld County. By September 12th, 2013, parts of Larimer and Boulder Counties had received upwards of 20 inches of rain. For perspective, average annual precipitation in the Front Range is 15 inches. The flooding caused damage in 15 counties including Adams, Arapahoe, Broomfield, Boulder, Clear Creek, Denver, El Paso, Fremont, Jefferson, Larimer, Logan, Morgan, Pueblo, Washington, and Weld counties. Both Governor Hickenlooper and President Obama issued emergency declarations.

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Many homes, roads, and bridges were damaged or destroyed as a result of this storm. During the flooding 27 state highways or interstates were closed due to infrastructure damage or water standing on the highways. The flooding was the largest natural disaster affecting Colorado infrastructure since the 1965 South Platte flood.

The Department created an Infrastructure Recovery Force to clear, repair, and establish access to affected components of the state highway system by December 1, 2013. On November 26, 2013, the Department announced the opening of State Highway 7 to accomplish its goal to have at least temporary repairs on all affected sections of the state highway system complete. The Department anticipates permanent reconstruction of the affected components will take several years. The Department completed inspections of all 411 bridges on the state highway system that were potentially damaged and identified 120 in need of repair due to flooding. The recovery force has provided coordination and assistance to local governments in reestablishing critical state highway links to local roads, bridges, water, sewer, power, and communications.

Availability of Federal Emergency Funding

On October 17, 2013, the Department submitted a request to the U.S. Department of Transportation for Emergency Relief Funding available through the Federal Highways Administration (FHWA). The Emergency Relief (ER) Program, authorized by section 125 of title 23 of the U.S. Code, provides assistance to repair or reconstruct federal-aid highways and roads on federal lands that have sustained serious damage from natural disasters or catastrophic failures. Since 1972, Congress has authorized \$100 million annually in contract authority for the Emergency Relief Program to be paid from the Highway Trust Fund. Accordingly, FHWA may obligate up to \$100 million in any one fiscal year for the program. Any unobligated balance remains available until expended. In October 2013, Congress passed the *Continuing Appropriations Act, 2014 (H.R. 2775)*, which, in addition to ending the federal shutdown also increased the Emergency Relief cap from \$100 million to \$450 million for the Colorado Floods. This money was already appropriated to the U.S. Department of Transportation and remained unspent, but required additional authorization by Congress in order for Colorado to receive beyond the \$100 million limit per disaster.

The ER program is a cost-sharing program between the federal government and the state highway authorities. The federal share for the repair of federal-aid highways is established by law and somewhat complex. The ER Program may fund up to 100 percent of emergency repair project costs incurred within the first 180 days following an eligible disaster. The program funds permanent repair projects and emergency repair project costs after the first 180 days at the percentage normally provided for work on that type of federal-aid highway. For example, the federal share for interstate highway projects is 90 percent of the cost, and the federal share for most other federal projects is 80 percent. Also, construction on permanent repairs must begin by the end of the second fiscal year following the year in which the disaster occurred; however, FHWA may grant time extensions for projects needing extensive environmental evaluation, litigation, or complex right-of-way. In addition, the program is not intended to pay for “betterments,” projects that change the function or character of the highway facility, such as expanding road capacity. However, FHWA may determine that betterments are eligible for program funding if they pass a benefit-cost test that weighs their cost against the prospective cost to the ER Program for potentially chronic future repairs.

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In line with other federal-aid highway programs, FHWA reimburses the states for emergency relief work as that work is completed and invoiced. Because the State of Colorado must “front” funding for all of the emergency relief projects before FHWA is authorized to reimburse the state, there is a possibility that some General Fund appropriations may be needed in the short-term to be recuperated after the federal reimbursement in the future.

Preliminary figures from the October 17th initial estimate submitted by CDOT to FHWA pursuant to the requirements of the ER Program place damage levels at approximately \$535 million. This includes an estimated \$153 million in damage to local federal aid roads.

Issue: R1 Restoration of FTE & Associated Funding

The Department of Transportation has lost funding and FTE in its Administration line because, for several years, the Department utilized vacancy savings to protect against the uncertainty of future funding brought on by the economic downturn. In an effort to rebuild services provided by the Administration line, the Department is requesting 14.5 FTE and \$1,590,193 to allow it to fill vacancies proactively.

SUMMARY:

- Cash fund reversions in the Department of Transportation increase the State Highway Fund for the following year. During the economic downturn the Department utilized vacancy savings by reverting FTE and the associated funding to ensure it could continue construction if federal funding became unavailable or limited.
- The total request moves 5.2 FTE from the Construction, Maintenance, and Operations line in addition to creating/restoring 9.3 FTE to the Administrative line item. There is no general fund impact because the funding will come from the State Highway Fund.
- The Department would improve administrative support of all of its programs with the increased FTE. Because it has been reactively filling vacancies when employees leave or retire based on the most needed position the Department is unable to comment at this time exactly which positions it will be hiring if the funding becomes available.

RECOMMENDATION:

Staff recommends the Committee consider restoring a portion of the FTE the Department lost because it was reverting FTE and cash funds for several years during the downturn.

DISCUSSION:

The Colorado Department of Transportation is requesting a restoration of FTE and associated funding to its Administration line. The request is made in response to the decision to decrease the Department's Administration line by \$716,937 and 14.2 FTE in fiscal year 2012-13.

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. Section 43-1-113(6), C.R.S., limits expenditures to no more than 5 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 decision to decrease the appropriation was based primarily on the Department reverting significant FTE between FY2008-09 through FY2011-12. The table below lists actual cash fund and FTE reversions for the five most recent years with actual data available.

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Actual Cash Fund and FTE Reversions					
	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Cash Funds	\$1,912,796	\$3,167,819	\$1,590,193	\$280,733	\$304,952
FTE	24.3	26.5	14.2	23.8	21.8

The Department’s cash funds revert to the State Highway Fund and are available for construction projects the following year. Fearing the “Great Recession” could reduce federal funding available to the Department, it implemented a hiring freeze to take advantage of vacancy savings. These vacancy savings would then revert to the State Highway Fund and increase the availability of project funding in the following fiscal year. Additional cost saving measures implemented in this period included limiting in-state travel to unsustainable levels.

Reversions decreased in FY 2010-11 as CDOT filled some staff vacancies after the hiring freeze expired. For FY 2011-12, the Committee approved a \$430,000 reduction for operating expenses as well as a 1.5 percent common policy personal services reduction of \$251,317. These cuts would limit cash fund reversions to \$280,733 in FY 2011-12. The JBC did not have FY 2011-12 actuals during figure setting for FY 2012-13. As a result, the Committee decided to reduce personal services based upon the actuals for FY 2010-11. The Department's FY 2012-13 Administration request was for \$14,063,690. The Committee approved only \$12,332,539, taking into account a reduction of \$1,590,194 and 14.2 FTE to align with prior years' expenditures and a 1.0 percent common policy reduction of \$140,958. The positions CDOT eliminated from its Administration Program were already vacant.

Losing the FTE and associated funding caused the Department a loss of flexibility to adjust staffing to best utilize positions. With the decrease in available positions, CDOT must choose which to fill and which to leave vacant in a reactive manner when a current employee resigns or retires.

In addition to the lost FTE, the associated funding cut with the vacant positions funds initiatives that allow CDOT to operate more efficiently. For example, CDOT is in the middle of a Procurement Improvement project that requires consulting services, SAP software development work, and one FTE, which the Department does not have. This project will result in service improvements throughout CDOT and improve vendor relations. The Procurement Improvement project has been more difficult to plan and complete as a result of the decreased FTE and funding. Restoration of the FTE and funding would allow CDOT to proactively fill essential positions instead of reactively filling the positions when a crisis strikes.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S PERFORMANCE PLAN:

The annual changes in the Department’s Administration line appropriation are minimally correlated to annual changes in the CDOT’s overall budget or actual revenues. In part because the Department has operated below the FTE levels authorized by the Transportation Commission for some time, significant changes in the Department’s annual funding first affect the number

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and size of contracts to CDOT's private sector partners for major rehabilitation and reconstruction projects on the state highway system.

However, appropriations for the Administration line can impact the Department's construction program because these dollars support the salaries for thirteen offices and organizations that in turn provide the support and management of a construction and maintenance program of more than \$1.1 billion. There is some question whether this can be done effectively at current levels. Indeed, reductions to the Administration line over the past three fiscal years have limited the ability of the Department to be flexible in its design and scheduling of projects as well as in procurement. There will always be some vacancy savings because individuals leave the Department and it takes several months to refill those positions. In the past, CDOT has utilized the flexibility offered by vacant positions to move people around and achieve the most efficient use of Administration funding. The significant cuts to Administration have reduced flexibility and forced the Department to determine which positions to fill in a more reactive manner based on what positions become vacant rather than being proactive and strategic when hiring new staff. Because this method of filling employee vacancies is so reactive, the Department cannot succinctly describe exactly how the requested FTE will be utilized at this time.

JBC Staff also feels that the reversions, which reductions in the Administration line have been based upon, are largely tied to the mix of vacancy changes over time, a strict hiring freeze at the Department, and other restrictions on personal services and operating. CDOT leadership chose to institute these restrictions to achieve reversions when they were thought to be needed the most, in fiscal years 2008-09, 2009-10, and 2010-11. Because the Department's budget was reduced in the years following these reversions, there has been a more or less permanent change to the Administration service delivery level for programs housed in the Construction, Maintenance, and Operations line. This slows down the overall project pipeline and contributes to a long backlog of projects.

Staff is concerned that if the JBC does not restore some of the FTE cut in FY 2012-13, CDOT managers will have a difficult time achieving the Department's stated goals for the percent of pavement in good/fair condition, the percent of bridge deck area in good/fair condition, or the annual maintenance level of service grade because of a reduction in service delivery level. Lastly, the increased FTE and associated funding will have no fiscal impact on the General Fund because the requested fund source is the State Highway Fund.

Issue: R3 First Time Drunk Driver Funding Increase

The Department of Transportation is requesting an increase of \$500,000 in annual appropriation to execute its twelve high visibility drunk driving episodes. Currently, the Department of Transportation is receiving \$1.5 million from the First Time Drunk Driving Offenders Account to perform its episodes. The statute which created the First Time Drunk Driving Offenders Account authorizes appropriations to the Department of Transportation up to \$2 million for these purposes.

SUMMARY:

- Statute authorizes the Department of Transportation to use \$2 million from the First Time Drunk Driving Offenders Account to conduct twelve high visibility drunk driving enforcement episodes. The Department received an appropriation of \$1.5 million for the previous two fiscal years and \$1.0 million for the two fiscal years before that.
- The First Time Drunk Driving Offenders Account has a current balance in excess of \$5 million. Increasing funding to the statutory limit will assist the Department of Revenue in its goal of reducing the fund balance in the First Time Drunk Driver Offender's Account to around \$500,000.
- Colorado drunk driving fatality rate, 3.1 deaths per 100,000 persons, ranks below the national average of 3.6. Increased funding is anticipated to generate an additional 2,000 DUI arrests. With fewer alcohol impaired people driving Colorado roads should increase safety for all users.

RECOMMENDATION:

Staff recommends the Committee weigh the costs of increasing enforcement against drunk driving and benefits of fewer drunk drivers on Colorado's roads in deciding whether to increase funding to the First Time Drunk Driving Offenders Account.

DISCUSSION:

The mission of CDOT's Office of Transportation Safety is to work with traffic safety stakeholders to reduce the number and severity of traffic collisions in Colorado along with the economic and human loss associated with collisions. One method of increasing the safety of the state's roadways is to decrease the number of drunk drivers on the road at any one time. According to the most recently available statistics, in 2011, there were 121 fatal collisions involving a driver with blood alcohol content level above .08. These collisions resulted in 161 fatalities, which is a 26 percent increase from 2010. Alcohol impaired drivers were responsible for 36 percent of all vehicular fatalities in 2011. Section 42-2-132(4)(b)(II)(B), C.R.S., provides \$2 million to the Department of Transportation from the First Time Drunk Driving Offenders Account (FTDD Account), subject to an annual appropriation. Further, section 43-4-901, C.R.S., directs the Department to utilize these funds to perform twelve high-visibility drunk driving law enforcement episodes. These episodes include the familiar "The Heat is On" campaign.

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The Department provides local law enforcement agencies and the Colorado State Patrol additional funding to support the overtime needed to increase enforcement during the twelve enforcement periods. The Department accomplishes the campaigns by contracting for additional enforcement activities with its law enforcement partners. These campaigns target periods of time where impaired drivers are believed to be more prevalent on the roads including New Year’s Eve and Independence Day. The Department states the best way to reduce alcohol related traffic fatalities is to remove impaired drivers from the roads before they cause crashes.

The Department is requesting an increase of \$500,000 to bring the total appropriation for the high visibility drunk driving campaigns to \$2 million. The FTDD Account was created in 2008 by H.B. 08-1194 (Judd/Veiga) and the legislative declaration states its purpose is to reduce drunk driving recidivism because of the fiscal and public safety impacts of drunk driving. The fund has been growing since its creation and the balance is almost \$5 million. The following tables show past appropriations from the FTDD Account to the Department and the beginning fund balance for each fiscal year:

FTDD Offenders Account			
	Beginning Account Balance	Change from previous year	Transfer to CDOT for Drunk Driving Campaign
FY 2009-10	\$ 588,303	\$ 588,303	\$1,000,000
FY 2010-11	1,977,158	1,388,855	1,000,000
FY 2011-12	3,464,262	1,487,104	1,000,000
FY 2012-13	4,595,679	1,131,417	1,500,000
FY 2013-14	4,971,900*	376,221	1,500,000
FY 2014-15	4,987,302*	15,402	2,000,000**

*Figures for FY 2013-14 and FY 2014-15 are based on projections made by Department of Revenue

**This figure includes the Department's R3 Request

Section 42-2-132, C.R.S., directs the Department of Revenue to collect \$35 of the total \$95 fee charged to individuals reinstating their driver’s license after the license has been suspended, cancelled, or revoked. Statute further directs Department of Revenue to first pay its costs associated implementing H.B. 08-1194 and H.B. 13-1240. Next, the Department of Revenue is to pay for a portion of the costs of an ignition interlock device for a first time drunk driving offender who is unable to pay the costs of the device. Finally, the Department of Revenue is directed to transfer \$2 million to the Department of Transportation to implement the high visibility drunk driving enforcement episodes.

Initially concerned with the plateauing of the FTDD Account balance, staff consulted with members of CDOT and the Department of Revenue regarding the effect of this increase on the FTDD Account. Based on projections by the Department of Revenue, the requested \$500,000 appropriation will reduce net cash flow into the account and spend down the account’s balance. The FTDD Account has a target fee reserve balance of \$470,994. The Department of Revenue does not anticipate that an increase in \$500,000 will prevent it from accomplishing its other directives paid from that fund.

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If the Committee decides to grant this request, CDOT will strengthen impaired driving enforcement by increasing the length and coverage area of the twelve annual enforcement episodes. It is expected that these longer, more robust enforcement episodes will result in more DUI arrests and safer roads throughout Colorado. Based on last year’s data, the Department estimates a \$500,000 increase in FTDD Account funding will generate an additional 2,000 arrests per year. As law enforcement agencies remove more impaired drivers from the roads, fewer alcohol-related traffic fatalities should occur.

There is some correlation between the number of drunk driving arrests and the number of people who must pay the license reinstatement fee. However, there are a number of circumstances where the persons arrested would not pay into the FTDD Account. Not every drunk driving arrest results in conviction or license revocation. The trend of Americans giving up having a personal vehicle could also impact the receipts to the FTDD Account. Therefore, it is difficult to extrapolate exactly how much the fund will be based solely on the projected additional arrests.

Comparative Analysis

In an effort to provide comparisons to illustrate whether there is a need for increased drunk driving enforcement, staff included drunk driving statistics from other states. Data available on all fifty states from 2011 shows the national average of fatalities in alcohol impaired vehicle collisions is approximately 3.62 per every 100,000 in population. During this period there were 27,314 arrests for drunk driving in Colorado. Fatalities per 100,000 people ranged from the high of 9.4 in North Dakota to the low of 1.6 in New York. During this same reporting period, Colorado reported 3.1 alcohol impaired driving fatalities for every 100,000 residents. This figure is smaller for Colorado than 28 other states. The obvious desired outcome is zero deaths, but, comparatively, Colorado’s fatality rate is below the national average. A complete chart of all fifty states is available in Appendix I, the table below includes Colorado, a selection of geographically similar states and the fatalities experienced, normalized by population:

2011 Alcohol Impaired Driving Fatalities per 100,000 Residents	
Colorado	3.1
Arizona	3.3
Oregon	2.5
New Mexico	5
Utah	1.9
Wyoming	6.9

*Source: www.centurycouncil.org

Recommendation

Staff recommends the Committee weigh the costs of increasing enforcement against drunk driving and benefits of fewer drunk drivers on Colorado’s roads in deciding whether to increase funding to the First Time Drunk Driving Offenders Account.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S PERFORMANCE PLAN:

The Department's first strategic policy initiative goal is to reduce traffic fatalities and serious injuries. Additional funding approval will increase the length and number of high visibility drunk driving episodes and increase the number of arrests. This removes more impaired drivers from the roads increasing the safety of the roadway for all other users.

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Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 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>12,821,269</u>	<u>8,618,620</u>	<u>12,332,539</u>	<u>16,446,892</u> *
FTE	168.7	165.0	169.0	183.5
General Fund	0	0	0	0
Cash Funds	12,381,006	8,219,949	11,678,350	15,777,089
Reappropriated Funds	440,263	398,671	654,189	669,803
Federal Funds	0	0	0	0
Operating Expenses	<u>3,413,175</u>	<u>9,441,122</u>	<u>2,851,805</u>	<u>2,851,805</u>
Cash Funds	2,689,286	8,546,305	1,783,946	1,783,946
Reappropriated Funds	723,889	894,817	1,067,859	1,067,859

SUBTOTAL - (A) Administration	16,234,444	18,059,742	15,184,344	19,298,697	27.1%
FTE	<u>168.7</u>	<u>165.0</u>	<u>169.0</u>	<u>183.5</u>	<u>8.6%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	15,070,292	16,766,254	13,462,296	17,561,035	30.4%
Reappropriated Funds	1,164,152	1,293,488	1,722,048	1,737,662	0.9%
Federal Funds	0	0	0	0	0.0%

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
(B) Centrally Appropriated Personal Services					
Health, Life, and Dental	<u>952,974</u>	<u>1,053,775</u>	<u>1,139,087</u>	<u>1,080,861</u>	
General Fund	0	0	0	0	
Cash Funds	919,186	1,002,020	1,083,198	1,029,166	
Reappropriated Funds	33,788	51,755	55,889	51,695	
Federal Funds	0	0	0	0	
Short-term Disability	<u>18,412</u>	<u>18,931</u>	<u>20,413</u>	<u>22,805</u>	
Cash Funds	17,798	17,997	19,598	21,872	
Reappropriated Funds	614	934	815	933	
S.B. 04-257 Amortization Equalization Disbursement	<u>306,550</u>	<u>332,395</u>	<u>386,766</u>	<u>415,717</u>	
Cash Funds	294,587	319,119	371,441	398,610	
Reappropriated Funds	11,963	13,276	15,325	17,107	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>246,335</u>	<u>285,652</u>	<u>349,164</u>	<u>389,735</u>	
Cash Funds	236,722	274,243	335,329	373,697	
Reappropriated Funds	9,613	11,409	13,835	16,038	
Salary Survey	<u>0</u>	<u>0</u>	<u>325,628</u>	<u>159,987</u>	
Cash Funds	0	0	316,466	153,086	
Reappropriated Funds	0	0	9,162	6,901	
Merit Pay	<u>0</u>	<u>0</u>	<u>178,678</u>	<u>162,691</u>	
Cash Funds	0	0	171,247	154,305	
Reappropriated Funds	0	0	7,431	8,386	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Shift Differential	<u>27,528</u>	<u>24,452</u>	<u>33,269</u>	<u>30,582</u>	
Cash Funds	27,281	24,452	33,022	28,610	
Reappropriated Funds	247	0	247	1,972	
SUBTOTAL - (B) Centrally Appropriated Personal Services	1,551,799	1,715,205	2,433,005	2,262,378	(7.0%)
<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	1,495,574	1,637,831	2,330,301	2,159,346	(7.3%)
Reappropriated Funds	56,225	77,374	102,704	103,032	0.3%
Federal Funds	0	0	0	0	0.0%

(C) Miscellaneous Administration Accounts

Statewide Indirect Costs State Highway Funds	<u>385,553</u>	<u>125,319</u>	<u>123,760</u>	<u>129,070</u>
General Fund	0	0	0	0
Cash Funds	385,553	125,319	123,760	129,070
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Legal Services	<u>498,858</u>	<u>0</u>	<u>599,306</u>	<u>599,306</u>
Cash Funds	498,858	0	599,306	599,306
General Insurance - Property & Liability	<u>2,533,779</u>	<u>2,900,725</u>	<u>2,787,177</u>	<u>2,652,342</u>
Cash Funds	2,533,779	2,900,725	2,787,177	2,652,342
Workers' Compensation	<u>412,636</u>	<u>493,769</u>	<u>493,770</u>	<u>553,451</u>
Cash Funds	412,636	493,769	493,770	553,451

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
COFRS Modernization	<u>0</u>	<u>0</u>	<u>68,172</u>	<u>68,172</u>	
Cash Funds	<u>0</u>	<u>0</u>	<u>68,172</u>	<u>68,172</u>	
Reappropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Information Technology Security	<u>0</u>	<u>0</u>	<u>103,372</u>	<u>0</u> *	
Cash Funds	<u>0</u>	<u>0</u>	<u>103,372</u>	<u>0</u>	
OIT Services	<u>2,212,331</u>	<u>0</u>	<u>2,840,773</u>	<u>0</u> *	
Cash Funds	<u>2,212,331</u>	<u>0</u>	<u>2,840,773</u>	<u>0</u>	
Payments to OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,282,413</u> *	
Cash Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,282,413</u>	
SUBTOTAL - (C) Miscellaneous Administration					
Accounts	6,043,157	3,519,813	7,016,330	10,284,754	46.6%
<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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Cash Funds	6,043,157	3,519,813	7,016,330	10,284,754	46.6%
Reappropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
TOTAL - (1) Administration					
	23,829,400	23,294,760	24,633,679	31,845,829	29.3%
<i>FTE</i>	<u>168.7</u>	<u>165.0</u>	<u>169.0</u>	<u>183.5</u>	<u>8.6%</u>
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Cash Funds	22,609,023	21,923,898	22,808,927	30,005,135	31.5%
Reappropriated Funds	1,220,377	1,370,862	1,824,752	1,840,694	0.9%
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 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>1,457,708,884</u>	<u>1,537,527,876</u>	<u>1,092,631,785</u>	<u>1,102,689,423</u> *
FTE	2,959.3	2,952.5	3,142.5	3,137.3
General Fund	0	0	0	0
Cash Funds	868,776,369	819,583,404	602,538,249	586,429,483
Reappropriated Funds	1,775,387	854,151	1,950,552	1,934,610
Federal Funds	587,157,128	717,090,321	488,142,984	514,325,330

TOTAL - (2) Construction, Maintenance, and Operations	1,457,708,884	1,537,527,876	1,092,631,785	1,102,689,423	0.9%
FTE	<u>2,959.3</u>	<u>2,952.5</u>	<u>3,142.5</u>	<u>3,137.3</u>	<u>(0.2%)</u>
General Fund	0	0	0	0	0.0%
Cash Funds	868,776,369	819,583,404	602,538,249	586,429,483	(2.7%)
Reappropriated Funds	1,775,387	854,151	1,950,552	1,934,610	(0.8%)
Federal Funds	587,157,128	717,090,321	488,142,984	514,325,330	5.4%

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 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>3,231,376</u>	<u>4,858,644</u>	<u>33,500,000</u>	<u>31,575,000</u>	
FTE	1.5	1.5	4.0	4.0	
General Fund	0	0	0	0	
Cash Funds	3,231,376	4,858,644	32,500,000	30,575,000	
Reappropriated Funds	0	0	1,000,000	1,000,000	
Federal Funds	0	0	0	0	

TOTAL - (3) High Performance Transportation Enterprise	3,231,376	4,858,644	33,500,000	31,575,000	(5.7%)
FTE	<u>1.5</u>	<u>1.5</u>	<u>4.0</u>	<u>4.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	3,231,376	4,858,644	32,500,000	30,575,000	(5.9%)
Reappropriated Funds	0	0	1,000,000	1,000,000	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 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>934,952</u>	<u>1,431,824</u>	<u>1,500,000</u>	<u>2,000,000</u> *
General Fund	0	0	0	0
Cash Funds	934,952	1,431,824	1,500,000	2,000,000
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

TOTAL - (4) First Time Drunk Driving Offenders					
Account	934,952	1,431,824	1,500,000	2,000,000	33.3%
<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	934,952	1,431,824	1,500,000	2,000,000	33.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 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>57,912,871</u>	<u>8,690,299</u>	<u>115,481,900 2.0</u>	<u>114,881,900 2.0</u>	
General Fund	0	0	0	0	
Cash Funds	57,912,871	8,690,299	100,481,900	99,881,900	
Reappropriated Funds	0	0	15,000,000	15,000,000	
Federal Funds	0	0	0	0	

TOTAL - (5) Statewide Bridge Enterprise	57,912,871	8,690,299	115,481,900	114,881,900	(0.5%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	57,912,871	8,690,299	100,481,900	99,881,900	(0.6%)
Reappropriated Funds	0	0	15,000,000	15,000,000	0.0%
Federal Funds	0	0	0	0	0.0%

TOTAL - Department of Transportation	1,543,617,483	1,575,803,403	1,267,747,364	1,282,992,152	1.2%
<i>FTE</i>	<u>3,129.5</u>	<u>3,119.0</u>	<u>3,317.5</u>	<u>3,326.8</u>	<u>0.3%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	953,464,591	856,488,069	759,829,076	748,891,518	(1.4%)
Reappropriated Funds	2,995,764	2,225,013	19,775,304	19,775,304	0.0%
Federal Funds	587,157,128	717,090,321	488,142,984	514,325,330	5.4%

Appendix B: **Recent Legislation Affecting Department Budget**

2012 Session Bills

H.B. 12-1222: Recreates the CDOT Renovation Fund and specifies that it consists of moneys remaining in the original account when it was repealed on July 1, 2007. Provides continuous spending authority to CDOT to pay for the renovation of real property and to make payments under any lease-purchase agreement authorized pursuant to H.B. 04-1456.

H.B. 12-1335: General appropriations act for FY 2012-13.

H.B. 12-1343: Requires the transfer of any unexpended and unencumbered moneys remaining in the State Rail Bank Fund to the General Fund on June 30, 2012.

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 2013-14.

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

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

Long Bill Footnotes

The Long Bill did not contain any Footnotes for the Department of Transportation.

Requests for Information

- 4. All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2013, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2012-13. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2013.

Comment: The Department of Transportation does not have federal grants or private donations in its budget.

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department's indirect cost assessment methodology is calculated based on three components: an "*Indirect Cost Pool*", an "*Indirect Cost Base*", and an "*Indirect Cost Rate*". The *Indirect Cost Pool* is comprised of accumulated costs for activities chargeable to highway projects but not attributable to a single project that fall under the purview of the Construction, Maintenance, and Operations line. The Department incurs these indirect costs in Indirect Cost Centers that are established for each CDOT Region Program Engineering Unit. 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 Cost Pool*. For FY 2014-15 the Department's *Indirect Cost Pool* as requested is **\$80,450,072**. Table 1 outlines what is included in the department's *Indirect Cost Pool* (i.e. the total indirect cost center costs).

Table 1	
CDOT Indirect Costs Pool	
Item	FY 2014-15
Project Support Activities	\$ 21,985,420
Staff Branches	16,765,936
Engineering Region Offices	37,814,476
DTD - Environmental	3,773,852
Travel	110,388
Total Indirect Costs	\$ 80,450,072

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 2014-15 the Department's *Indirect Cost Base* as requested is **\$391,713,142**. 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 2014-15
Surface Treatment	\$ 124,000,000
Structures On-System Program	25,500,000
Rockfall Mitigation	4,200,000
Highway Safety Investment Program	24,712,448
Railway-Highway Crossings Program	2,694,739
Hot Spots	1,767,154
Traffic Signals	1,172,823
FASTER - Safety Projects	39,700,000
Safety Education	8,129,982
TSM&O: ITS Maintenance	12,300,000
TSM&O: Congestion Relief	3,300,000
Regional Priority Program	41,500,000
Bridge Enterprise Projects	77,735,996
High Performance Transportation Enterprise--Projects	25,000,000
Total Indirect Cost Base	\$ 391,713,142

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. 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	\$ 80,450,072
Total Indirect Cost Base	\$ 391,713,142
Indirect Cost Rate (Base/Pool)	20.5%

FY 2014-15 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 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

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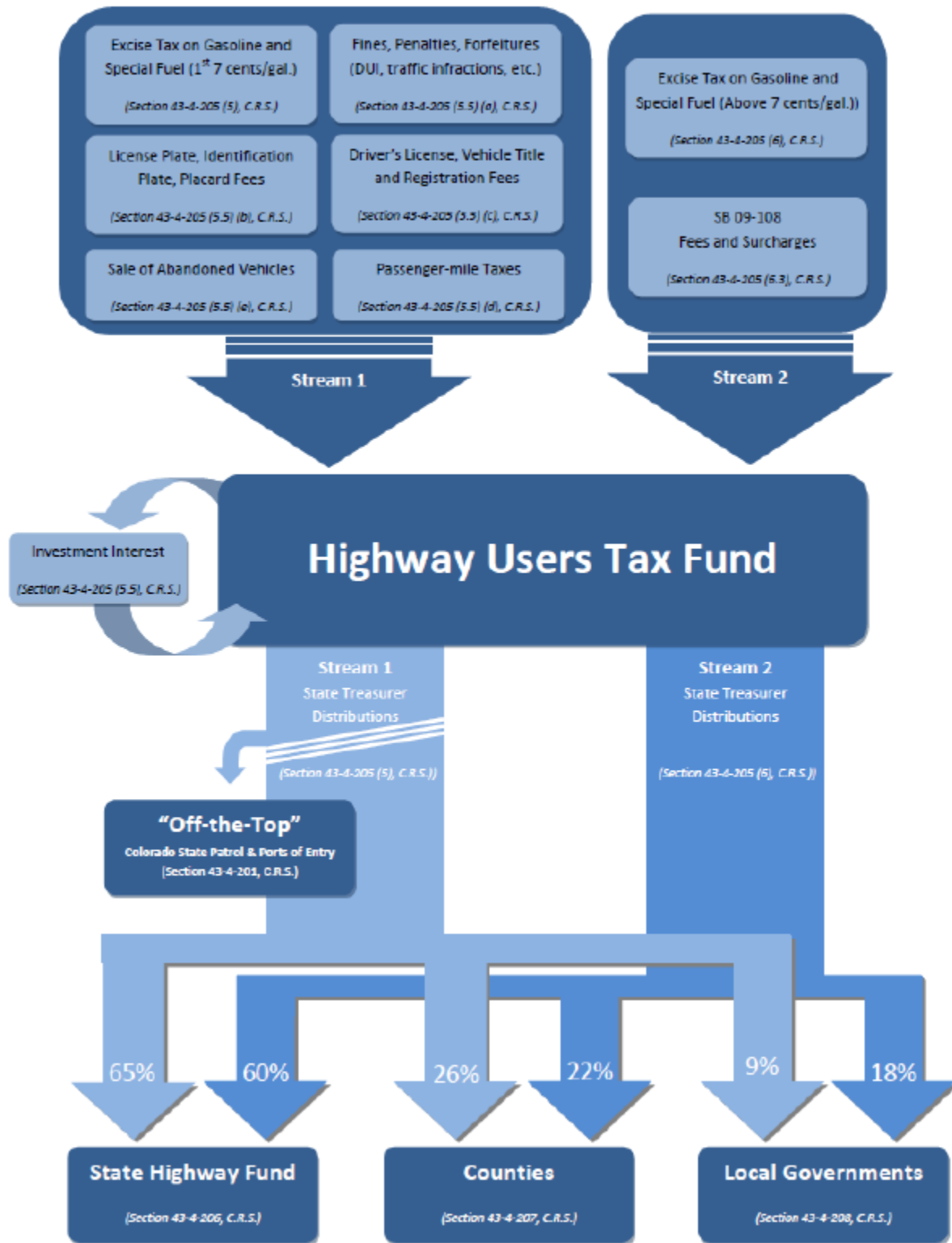
by S.B. 09-108). These line items are included in the Long Bill as estimates of the anticipated revenues available to the Commission. Because all departmental indirects fall within this category, staff does not recommend separating out indirect cost assessment lines at this time.

Appendix E: Change Requests' Relationship to Measures

This appendix will show how the Department of Transportation indicates each change request ranks in relation to the Department's top priorities and what measures the Department is using to measure success of the request.

Change Requests' Relationship to Performance Measures			
R	Change Request Description	Goals / Objectives	Problem / Opportunity
1	Restoration of FTE & Associated Funding	Provide the Department of Transportation FTE and funding lost due to internal budgeting decisions to ensure functions that fully support the department as it strives to meet its project delivery schedule, quality control operations, cash management, and risk management goals.	The Department is currently filling positions that it lost in the FY 2012-13 appropriation in a reactive manner. The funding cut impacts the ability of those divisions and officers within CDOT restricted to the use of this funding source. Ultimately this impacts the quality of the transportation services provided to the traveling public as it limits the capacity to properly manage departmental resources and deliver effective services to Colorado residents.
2	Transfer OIT budget from CM&O to Administrative	Increase the transparency in the Departments budgeting process.	The Office of Information Technology has evolved and taken control of various aspects of the Department's information technology infrastructure. Process elements that previously were not considered "centralized data processing" arguably are now. According to C.R.S. 43-1-113, such items should be moved to the Administrative line.
3	First Time Drunk Driver Funding Increase	Increase safety of Colorado's roadways through increased funding of the twelve high visibility drunk driving episodes the Department contracts with local law enforcement to conduct.	The statutes requiring the Department to carry out its drunk driving enforcement episodes authorizes transfers of up to \$2 million per year. Currently the Department is only receiving an appropriation from the First Time Drunk Driver Offenders Account of \$1.5 million.

Appendix F: HUTF Funding Flowchart



Appendix G: 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

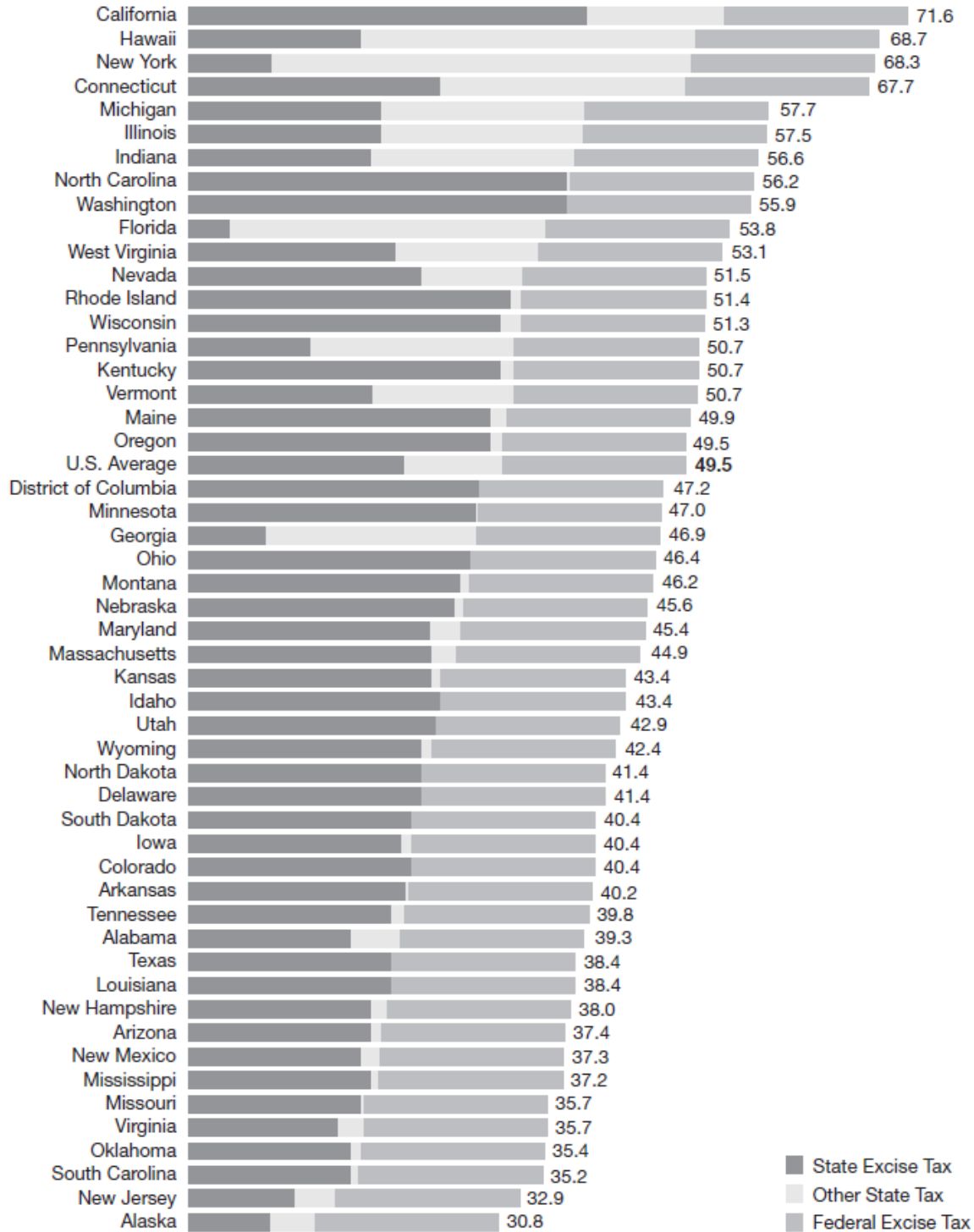
Tax Rate (cents)	Fuel	Effective Dates
1.0	Gas	June 21, 1932 to June 16, 1933
1.5	Gas	June 17, 1933 to December 31, 1933
1.0	Gas	January 1, 1934 to June 30, 1940
1.5	Gas	July 1, 1940 to October 31, 1951
2.0	Gas & Diesel	November 1, 1951 to June 30, 1956
3.0	Gas & Diesel	July 1, 1956 to September 30, 1959
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.

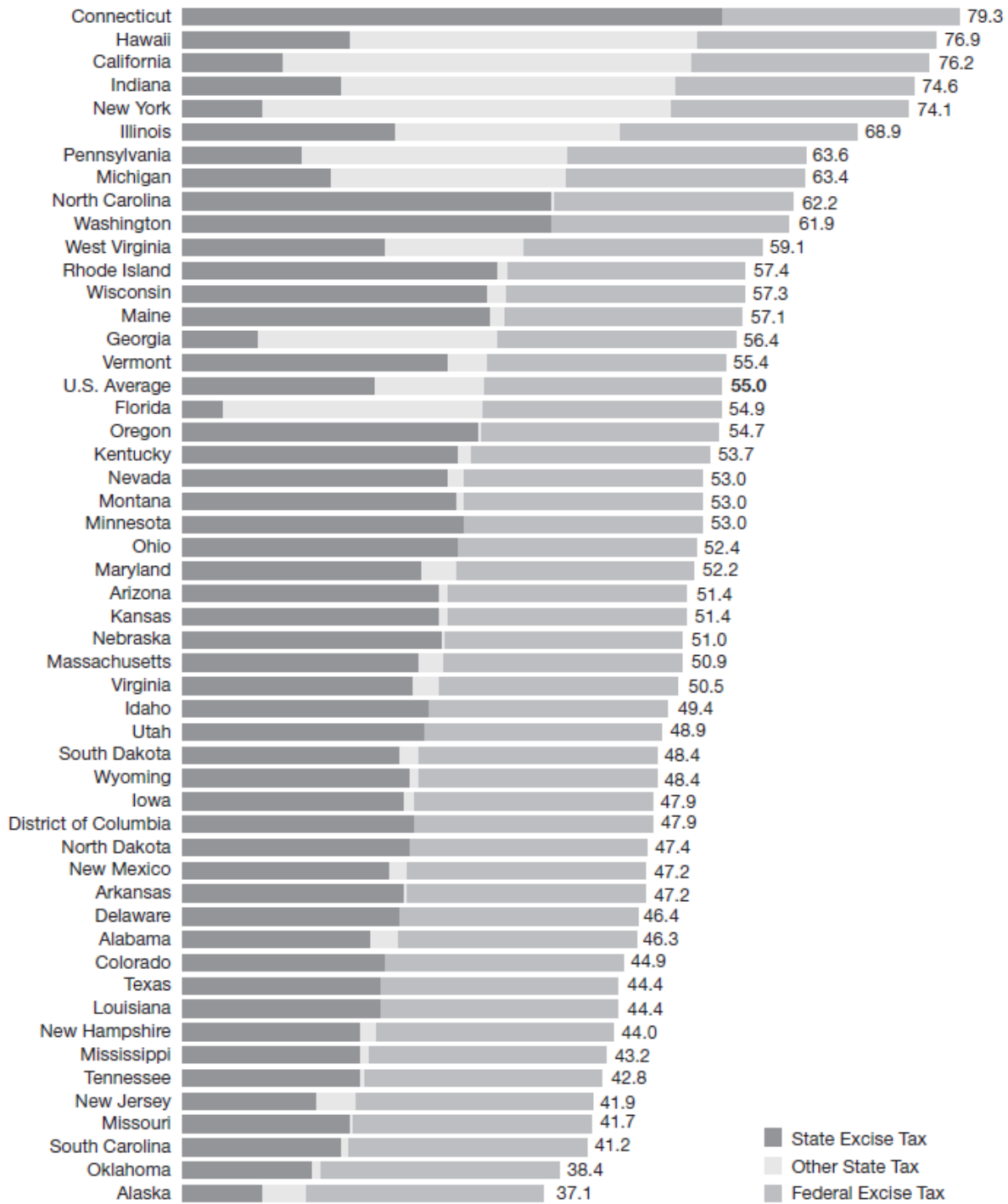
Appendix H: Gasoline and Diesel Taxes by State

Gasoline Motor Fuel Taxes as of October 2013



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Diesel Motor Fuels Taxes as of October 2013



Appendix I: Comparison of Alcohol-Impaired Driving Fatalities per 100,000 Residents by State

2011 Alcohol-Impaired Driving Fatalities per 100,000 Residents			
Alabama	5.8	Montana	8
Alaska	2.8	Nebraska	2.5
Arizona	3.3	Nevada	2.6
Arkansas	5.3	New Hampshire	2
California	2.1	New Jersey	2.2
Colorado	3.1	New Mexico	5
Connecticut	2.6	New York	1.6
Delaware	4.5	North Carolina	3.8
Florida	3.8	North Dakota	9.4
Georgia	2.8	Ohio	2.7
Hawaii	3.2	Oklahoma	5.8
Idaho	3.2	Oregon	2.5
Illinois	2.2	Pennsylvania	3.2
Indiana	3.2	Rhode Island	2.4
Iowa	2.7	South Carolina	6.7
Kansas	3.7	South Dakota	3.9
Kentucky	3.9	Tennessee	4
Louisiana	4.9	Texas	4.7
Maine	1.7	Utah	1.9
Maryland	2.8	Vermont	2.9
Massachusetts	1.7	Virginia	2.8
Michigan	2.6	Washington	2.3
Minnesota	2	West Virginia	4.9
Mississippi	5	Wisconsin	3.4
Missouri	4.3	Wyoming	6.9

*Source: www.centurycouncil.org