



TRANSPORTATION NEWSLETTER

DATE: JULY 2020

Vince Rogalski, Chairman

Gunnison Valley TPR

vrogal@montrose.net

CDOT Grant Update

Additional Grants Available

Revitalizing Main Streets

- In an effort to protect health and environment, CDOT is utilizing up to \$4.1 million of the state portion of the SB 1 Multimodal Options Fund.
- Grants up to \$50,000 will allow communities to bolster their ability to improve the built environment in their communities to facilitate safe and healthy active transportation, outdoor dining and business.
- Grant application and instructions are available at <https://www.codot.gov/programs/community-challenge/about>
- Rolling application process to facilitate quick deployment
- Goal to disburse funds before January 2021
- Eligible applicants include local government or other transit/governmental agencies

Community Telework Challenge

- Promote teleworking as a healthy and sustainable transportation option
- Building on existing efforts to offer options for employees who can work from home
- Microgrants up to \$5,000 to local communities and nonprofits

- Help promote best practices for teleworking, provide staff capacity or otherwise

incentivize continued telework

- Rolling application process to facilitate quick deployment
- Grant application and instructions are available at <https://www.codot.gov/programs/community-challenge/about>
- All eligible and funded projects must be able to complete all activities and submit all

billings by December 1, 2020.

- Eligible applicants include, local government and other governmental agencies, nonprofits and transportation management associations/organizations (TMA/Os)

FY21 Budget; overview of legislative budget impacts (Jeff Sudmeier and Bethany Nicholas)

Jeff Sudmeier, CDOT Chief Financial Officer (CFO) explained:

☐ The Commission was provided an overview of State budget shortfalls and impacts to CDOT due to COVID-19-related revenue reductions.

☐ State budget changes affecting CDOT have been assumed in the worst-case scenario revenue discussions and project funding proposals discussed by the Commission in previous months' meetings.

☐ The total legislative impacts to CDOT revenues expected over FY2020 through FY2023 amount to approximately \$183.5 million.

☐ Discussions in July will again include considerations to add-back in projects to the budget should the actual revenue projections be better than the worst-case scenarios.

Bethany Nicholas, of the CDOT Division of Accounting and Finance noted:

- ☐ The TC was provided an overview of expected impacts to CDOT’s HUTF revenues;**
- ☐ The total impacts to CDOT HUTF revenues expected over FY2020 through FY2023 amount to approximately \$52.7 million. Total legislative and HUTF revenue impacts combined amount to approximately \$236.2 million combined.**
- ☐ The HUTF revenue shortfalls will impact CDOT’s base programs and will need to be addressed as the TC considers budget changes needed in the coming months;**
- ☐ Current traffic volumes are down from 2019 as expected, with a 29% decline in May revenue receipts over May of 2020;**
- ☐ Revenue receipts lag approximately 3 months from the time of traffic volume downturns, therefore we won’t know actual FY2020 impacts for another month;**
- ☐ In July revised revenue amounts will be received and CDOT will present preliminary budget amendment proposals to the Commission;**
- ☐ In August, staff’s final budget amendment proposals will be presented for approval.**
- ☐ Roll-forward revenue information may also be available later in the summer, and in October – year-end reconciliation will be complete.**

Discussion:

- ☐ Commissioner Bracke commented that this makes it very clear the vulnerability of transportation to the gas tax model of funding. This reinforces the need we have to continue looking for new and alternative means to fund our future transportation needs. Regarding the SB267 funding – was there to be a resolution considered by the Commission on the project selections?**
- ☐ Jeff Sudmeier responded that the TC is expected to consider such as resolution, but not until July. The**

reason for this is that we had been waiting for the results of the SB267 Certificates of Payment (COP) funding and the legislative long bill to be passed to know the final numbers. In July, we will also be able to include some preliminary information in the budget and hold discussions on add-back opportunities.

☐ Commissioner Beedy expressed that he generally feels that we need to keep base maintenance and system preservation program funding steady if not increased, and then look at adding back in capital projects that also preserve the system.

2019 COP Building Re-funding (Jeff Sudmeier)

The COPs used to fund construction of the Region 1 and Headquarters facilities included options to redeem or pay them off early. Because of fallen interest rates the COVID-19 budget impacts, staff proposes to not do the \$22.3 million defeasance and instead use those proceeds to offset reductions being considered in the FY2021 budget and allow CDOT to also pay off the \$1.9 million loan approved by the TC last August to do the defeasance. This proposes doing a refinancing of the remaining \$22.3 million remaining, which presents an opportunity to save approximately \$9.3 million in interest over the life of the loan and benefit from the use of these funds now, rather than later. Of note, another opportunity exists in FY2026 to pay down or refinance another \$31 million of other COP securities. The resolution presented delegates authority to the CFO to proceed by signing the certificates, and includes threshold triggers, not-to-exceed amounts in the transaction and annual maximum payment amounts. CDOT expects the transaction to price the week of July 20 and close the week of August 4.

TO: THE TRANSPORTATION COMMISSION
FROM: REBECCA WHITE - DIRECTOR, DIVISION OF TRANSPORTATION DEVELOPMENT
MANJARI BHAT - PERFORMANCE & ASSET MANAGEMENT BRANCH MANAGER
TOBY MANTHEY - TRANSPORTATION ASSET MANAGEMENT PROGRAM MANAGER
DATE: JULY 16, 2020
RE: TRANSPORTATION ASSET MANAGEMENT: REVIEW OF FY21 BUDGETS AND TREATMENTS

Purpose

This memorandum describes staff's recent review of CDOT's fiscal year 2020-21 asset management program in light of the current economic climate. The memo includes strategic opportunities for efficiencies identified in the review. The memo also provides an overview of the asset management program.

Background

FY21 TAM Review

Under direction of the Executive Director, CDOT staff in June 2020 conducted a review of the Fiscal Year 2020-21 (FY21) transportation asset management (TAM) program to maximize spending in light of the changing economic climate related to COVID-19.

As part of this review, Division of Transportation Development staff and asset managers presented various information on the TAM program for the Executive Director and other executives, including:

- The budget distribution across asset classes.
- FY21 project lists for each asset, tiered into high, medium and low priorities.
- Program trends for each asset (e.g., percentage of projects on the Interstate vs. other highways).
- Business case for each asset class.
- Performance measures, targets, and historical performance.
- Use of models and cost/benefit data to inform project selection.

As a result of this review, CDOT identified several strategic opportunities for efficiencies. The Department is considering several changes in the administration of the overall TAM program, as well as potential opportunities at the asset class level. ***It should be emphasized that these opportunities remain in development, as staff continue to evaluate the feasibility of each potential change.***

For the overall TAM program, discussions of potential changes have focused particularly on the budget-setting process. Potential changes include:

- Exploring removing the Maintenance Levels of Service (MLOS) program from the TAM budget-setting process.
- Setting a base funding level for core assets (e.g., pavement, bridges and tunnels) to reduce significant year-to-year funding fluctuations.
- Exploring cyclical funding for "non-core" assets.

- Developing a major TAM project list that includes projects too large to be funded via annual program budgets. This list may be used to prioritize redistribution funds or other additional funding that CDOT may receive.

As mentioned, the FY21 TAM review also included identifying potential opportunities for efficiencies at the asset class level. A summary of various opportunities is provided below.

Pavement:

- Increase or continue asphalt recycling where appropriate.
- Continue to pursue allowance of Reclaimed Asphalt Pavement (RAP) in projects.
- Optimize project scopes through collaborative Region asset review/bundling during planning phases.
- Potential increase in preventive maintenance projects within the surface treatment program (i.e., expand and improve tools to treat more distresses earlier).
- Formalize collaboration with CDOT Region Maintenance to better coordinate work to avoid potential duplication of efforts between maintenance and engineering.
- Revise current practices to allow more robust treatment options for treating low-volume roads.
- Consider use of multiple bid-schedule (“rubberband”) projects to allow for flexibility in Region program delivery to fit annual budgets.
- Evaluate use of “write-up” projects on rural non-complex design projects that meet Environmental Categorical Exclusion criteria.

These potential improvements will be considered by the Pavement Management Technical Committee with the goal of developing a matrix to promote consistency in project selection across Regions.

Buildings: Evaluate open-air or partially enclosed structures to reduce costs for future programming that meets maintenance and operations requirements while still maintaining environmental and building-code compliance.

Tunnels: Prepare a package of projects to improve the Eisenhower-Johnson Memorial Tunnel (EJMT) outside of the base asset-management program.

Bridges: Model the effects of reducing constraints on funding streams. For example, analyze the effect of allowing Bridge Enterprise funds to be spent to preserve the condition of “fair” or “good” bridges. (This would require a change in FASTER legislation.)

Intelligent Transportation Systems (ITS): Develop a plan to separate operating funds from device-replacement funds. Explore combining device-maintenance activities with MLOS program.

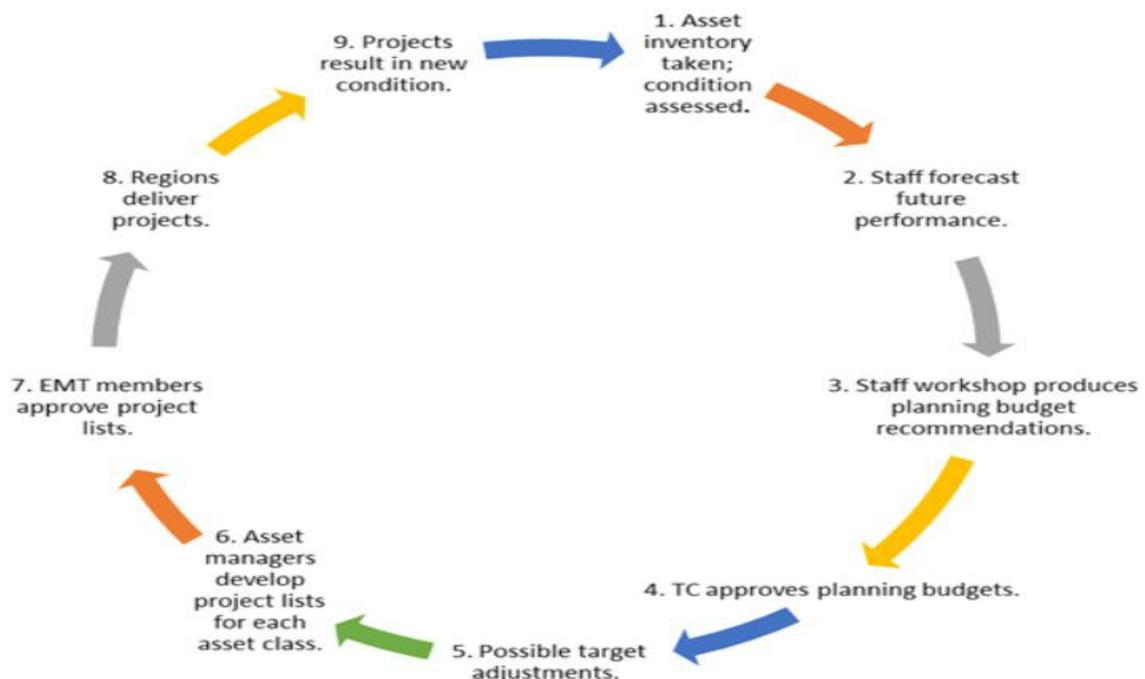
Traffic signals: Explore combining with ITS asset class, with a signals set-aside.

Overview of Transportation Asset Management (TAM) Program CDOT maintains an asset management program that comprises 12 asset classes. The asset classes are bridges, pavement, culverts, walls, tunnels, road equipment, geohazards, traffic signals, buildings, rest areas, ITS (Intelligent Transportation Systems) devices, and Maintenance Levels of Service (MLOS).

The asset-management program focuses on asset preservation and replacement and does not fund projects that increase the capacity of Colorado’s transportation system. To qualify for asset-management funding, individual asset programs must be able to demonstrate, with a quantified performance measure, the benefit of additional investment.

The Department each year decides how to allocate about \$645 million among the asset classes for the final year of a rolling, four-year asset management program. To provide predictability to CDOT’s Transportation Regions and to construction stakeholders, “planning” budgets for the assets are typically set four years in advance, so that the final year of CDOT’s four-year program of asset management projects can be developed. In other words, knowing the planning budgets four years in advance gives CDOT staff the time to plan, develop, and design projects, so that when the year arrives for construction funding to be allocated, projects are ready to go.

The asset-management investment process begins each year with the life cycle shown below.



Next Steps

- Staff will continue to evaluate the feasibility of the potential efficiencies identified above.

Transportation TPR Meeting
NEXT MEETING NOTICE TPR meeting July 30, 2020
Region 10 at 10am to Noon
Possible
Video Conference Only