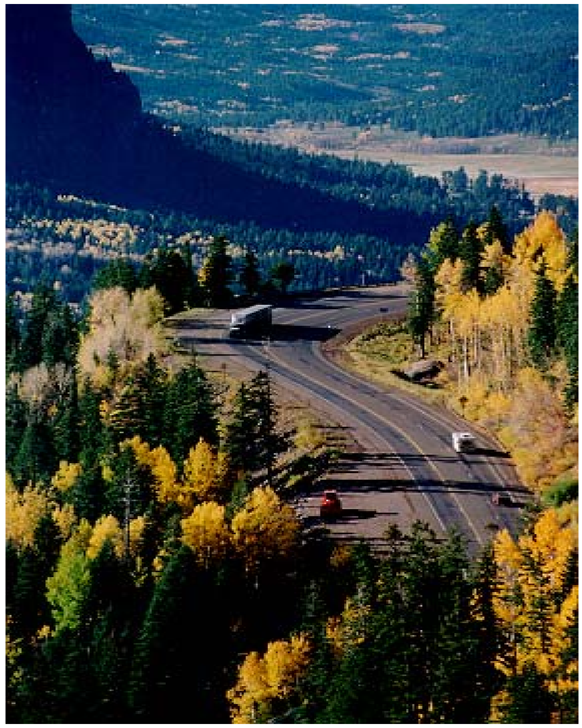
COLORADO DEPARTMENT OF TRANSPORTATION



US 160 - Wolf Creek Pass/West side

BUDGET

FOR FISCAL YEAR 2003-04

Governor Bill Owens

April 17, 2003

COLORADO DEPARTMENT OF TRANSPORTATION

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COLORADO DEPARTMENT OF TRANSPORTATION

BUDGET
FOR FISCAL YEAR 2003-2004

GOVERNOR BILL OWENS

THOMAS E. NORTON, Executive Director

TRANSPORTATION COMMISSION

JOSEPH JEHN, Chairman, Arvada, District 2

JOE BLAKE, Vice-Chairman, Denver, District 1

GREGORY B. MCKNIGHT, Greenwood Village, District 3

JOANN GROFF, Westminster, District 4

CHARLES ARCHIBEQUE, Greeley, District 5

WM. R. "BILL" HAIGHT, Steamboat Springs, District 6

DOUG ADEN, Grand Junction, District 7

STEVE PARKER, Durango, District 8

DAN STUART, Manitou Springs, District 9

GEORGE H. TEMPEL, Wiley, District 10

DON MORRISON, Limon, District 11

JENNIFER WEBSTER, Secretary

Per the attached Resolution TC-1157 the Transportation Commission presents the Budget for the period July 1, 2003 through June 30, 2004 for approval by the Governor.

Approved: Bill Owens

Date: June 6, 2003.

Made pursuant to the provisions of C.R.S. 43-1-106 and 43-1-113

RESOLUTION FOR THE PROPOSED FY 2003-2004 BUDGET

RES. NO. TC-1157

WHEREAS, in accordance with C.R.S. 43-1-113(2) the Transportation Commission submitted a draft budget allocation plan for moneys subject to its jurisdiction for the fiscal year beginning on July 1, 2003 to the Joint Budget Committee, the House Transportation and Energy Committee, the Senate Transportation Committee and the Governor for their review and comment; and

WHEREAS, C.R.S. 43-1-113(9)(c) requires that the Transportation Commission adopt a final budget allocation plan, which shall upon approval by the Governor, constitute the budget for the Department of Transportation for Fiscal Year 2004.

NOW THEREFORE BE IT RESOLVED, that the Colorado Department of Transportation's Budget for the period of July 1, 2003 through June 30, 2004 be approved by the Transportation Commission and forwarded to the Legislative Committees and the Governor for action.

COLORADO AERONAUTICAL BOARD

HAROLD PATTON
Chairman, Eastern Slope Representative

CORINNE NYSTROM
Vice-Chairman, Airport Management

JOSEPH M. KECK
Secretary, Western Slope Government

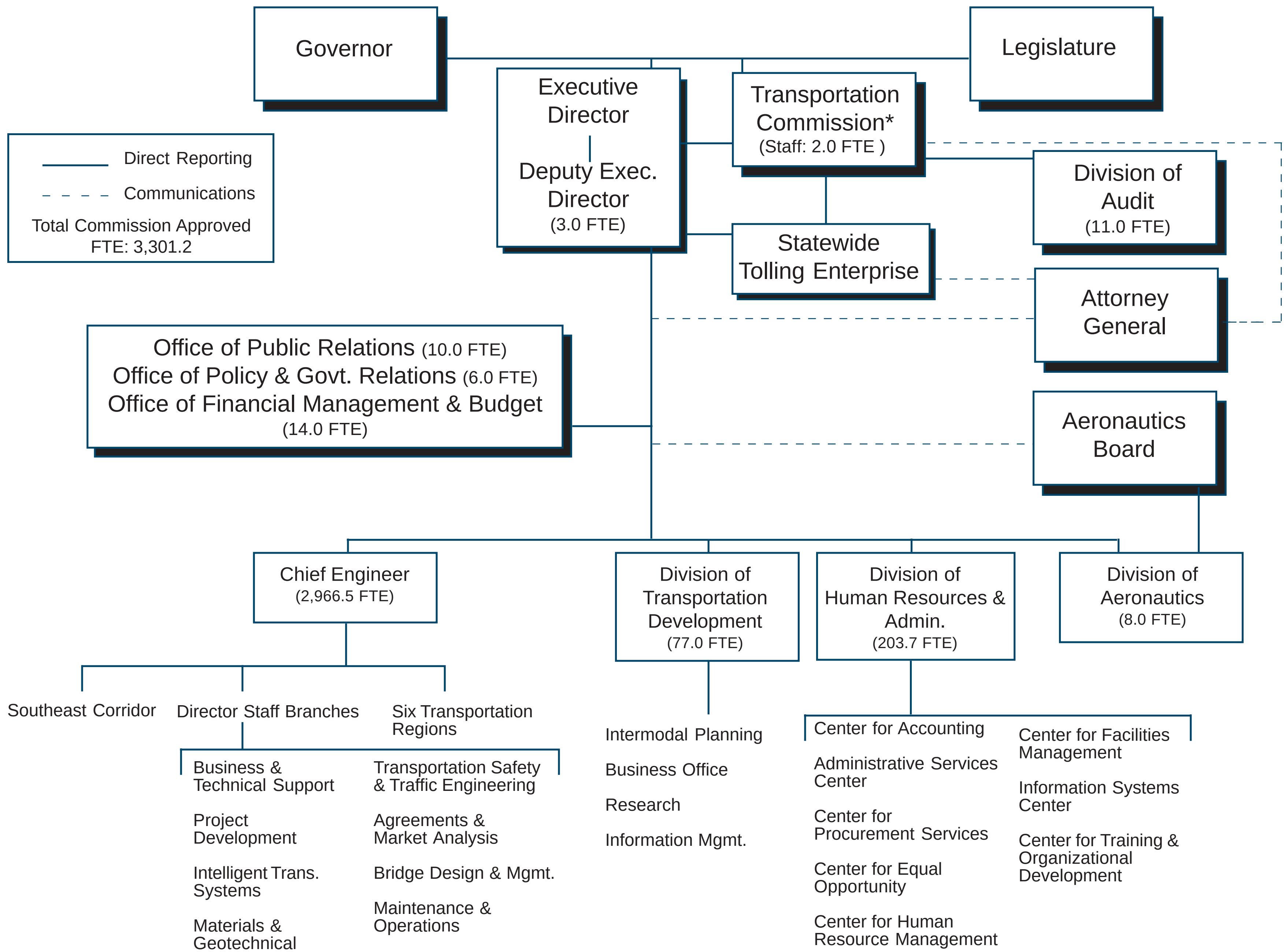
PATRICK WIESNER
Pilot Organization Representative

BOB ANDERSON
Western Slope Government

LARRY ROMRELL
Aviation Interests at Large

HAROLD FELDERMAN
Eastern Slope Government

Organization of the Colorado Department of Transportation



Pursuant to C.R.S. 43-4-803 (1), the11-member Transportation Commission also serves as the Statewide Tolling Enterprise Board.

Revised 4-17-03
BV, CDOT OFMB

COLORADO DEPARTMENT OF TRANSPORTATION
FISCAL YEAR 2003-2004

TABLE OF CONTENTS **PAGE**

CDOT - Transportation Investment Strategy

Investment and Program Area Summaries

Safety

Services and programs that reduce fatalities, injuries, and property damage for all users of the system

Goals:

- Reduce transportation-related crashes, injuries and fatalities and the associated loss to society

Programs:

A. Driver Behavior (alcohol, young drivers, seatbelts, etc.)
B. Roadway Safety (hazardous locations, run-off-the-road, sign replacement, etc.)

System Quality

Activities, programs & projects that maintain the function and aesthetics of the existing transportation infrastructure

Goals:

- Preserve the system
- Keep the transportation system available and safe for travel

Programs:

A. Road Surface (including travel way, pavement structure - includes reconstruction)
B. Structures - Bridge Program
C. Roadside Facilities (roadside, ditches, vegetation, fencing, tunnels, etc.)
D. Roadside Appearance (litter, mowing)
E. Rest Areas (maintenance of existing)
F. Traffic Operations (structures w/in right-of-way, includes existing ITS/TOC)
G. Eisenhower/Hanging Lakes Tunnels
H. Maintenance of Other Modes (Transit, Aviation, Rail)

Mobility

Programs and services that provide for the movement of people, goods, and information

Goals:

- Improve mobility
- Increase travel reliability

Programs:

A. Highway Performance
B. Alternative Mode Performance
C. Facility/Management (ramp metering, TOCs, etc.)
D. Travel Demand Management (rideshare, HOV, telecommuting, etc.)
E. Road Closures Program (snow and ice, rockfall, etc.)
F. Corridor Preservation

Strategic Projects

The 28 high priority statewide projects that have been committed for accelerated funding

Goals:

- Accelerate completion of the projects
- Increase investment in the program

Program Measures:

- Funds spent or encumbered
- Percent Ad dates met on-time, 30 days, etc.

Program Delivery

Support functions that enable the delivery of CDOT's programs and services

Goals:

- Deliver high quality products and services in a timely fashion
- Attract and retain an effective and qualified workforce
- Foster an environment that respects workplace diversity

Programs:

A. Strategic Support (long term focus - Policy, Planning, Public Relations, etc.)
B. General Support (short term focus - IS, Financing, HR, etc.)
C. Program Support (Project Development, Design and Construction, etc.)
D. Property/Equipment

COLORADO DEPARTMENT OF TRANSPORTATION

MISSION

The mission of the Colorado Department of Transportation is to provide the best multi-modal transportation system for Colorado that most effectively moves people, goods and information.

VISION STATEMENT

To enhance the quality of life and the environment of the citizens of Colorado by creating an integrated transportation system that focuses on moving people and goods by offering convenient linkages among modal choices.

STRATEGIC PLAN

FOR

FISCAL YEARS 2003-07

INVESTMENT CATEGORIES

I. SAFETY

II. SYSTEM QUALITY

III. MOBILITY

IV. STRATEGIC PROJECTS

V. PROGRAM DELIVERY

Mission and Investment Categories as adopted by the Transportation Commission August 18, 2000.

I. SAFETY

Programs, services and projects that reduce fatalities, injuries and property damage for all users of the system. The investment category includes two areas of focus. The first focus area includes those programs used to influence driver behavior. The second area focuses on highway improvements to improve the safety of the motoring public.

INVESTMENT LEVEL GOAL:

Reduce transportation-related crashes, injuries and fatalities and the associated loss to society

INVESTMENT LEVEL DEPARTMENT-WIDE OBJECTIVES:

Reduce the rate and severity of transportation-related incidents
- Includes all accidents, injuries and deaths

Promote the education and awareness of safe driving behavior
- Focuses on seatbelt usage, drinking and driving awareness, etc.

Emphasize applicable safety features consistent with the population growth
- Ensures that CDOT focuses on areas of the transportation system for safety features such as high areas of accidents

INVESTMENT LEVEL PERFORMANCE MEASURES:

Statewide Safety Incident Rate including fatal and injury rate

Alcohol Related Incidents Compared to Statewide Incident Rate

Incidents Involving Seatbelt Usage Compared to Statewide Incident Rate

Return on investment for Designated Improvement Sites

Bi-annual Customer Perception Rating of System Safety and Driver Behavior Programs

Corridor Safety Assessment

SAFETY - PROGRAM SUMMARIES:

Driver Behavior Program

In combination with traditional roadway safety improvements, this program promotes safety through education and enforcement programs such as media campaigns ("TWIST", "Heat is On", "CHILL"), and education programs through media campaigns and school districts for groups, which are disproportionately represented in crashes.

Roadway Safety Program

This program identifies roadway improvements to improve decision-making and reaction times of the motoring public. Roadway improvements include such projects as replacement of signs and roadway markings, sight-distance improvements, acceleration/deceleration lanes, intersection improvements, etc.

II. SYSTEM QUALITY

System Quality includes all programs that maintain the functionality and aesthetics of the existing transportation infrastructure at Transportation Commission defined service levels. This investment category primarily includes the Department's maintenance activities on the highway system, right-of-way, and bridge program. In addition to highway maintenance, the investment category includes maintenance activities for airports and the preservation of railroad rights-of-way for transportation uses.

INVESTMENT LEVEL GOALS:

Preserve the transportation system

Keep the system available and safe for travel

INVESTMENT LEVEL DEPARTMENT-WIDE OBJECTIVES:

Enhance and maintain the transportation system to ensure maximum useful life
- Investment decisions ensure maintaining highway lifecycles

Preserve and maintain the existing system at an acceptable level of service and condition
- Assure maintenance of the existing system in concert with development of "new" or additional system enhancements

Develop a "travel-friendly" transportation system that incorporates reasonable customer desires
- Such as roadside vegetation, roadway access, signage and striping, disability access, pedestrian access, etc.

Ensure that investments in the transportation system preserve quality of life through aesthetics and environmental concerns
- Ensure air quality, multi-modal projects, aesthetically pleasing sound walls vs. plain concrete barriers

INVESTMENT LEVEL PERFORMANCE MEASURES:

Surface Condition Rating of Fair or Better

Bridge Sufficiency Rating of Fair or Better

Maintenance Condition Survey

Perception of return on investment for quality of life.

SYSTEM QUALITY - PROGRAM SUMMARIES:

Pavement Program
The program develops, implements, and supports network and project level pavement analysis and provides technical expertise and support to the CDOT Regions in the quality assurance of pavement designs.

Bridge Program
The program develops, implements, and supports network and project level bridge analysis for the replacement, rehabilitation, and maintenance of bridges on and off the State highway system.

Roadside Maintenance Program
The program maintains roadside slopes and structures to ensure the proper operation of the transportation system and to maintain the safety of the traveling public. Maintenance of roadside activities includes: landscaping, litter and debris removal, drainage and slope maintenance, fences, and noise walls.

Rest Area Program
This program is to complete the Rest Area Management and Maintenance Study recommendations for capital construction through 2004. The program addresses reconstruction, rehabilitation and maintenance of rest area facilities on the Interstate and State highway systems. It also sets forth a program to address rehabilitation and maintenance issues conducted by CDOT's maintenance crews.

Traffic Operations Program
The program maintains traffic control and related devices to ensure the proper operation of the transportation system and to maintain the safety of the traveling public. Devices that are maintained include signals, signs, pavement markings, lighting, guardrail, and attenuators.

Tunnel Program
The program maintains all tunnels along the State highway system and includes the operation of two tunnels, Hanging Lakes and Eisenhower. Maintenance activities include structural integrity, ventilation, appearance, and emergency response.

III. MOBILITY

The programs within this investment category address issues that impact movement whether it be level or quality of movement, accessibility to transportation, reliability of the system, connectivity of one system to another system, and environmental impacts. The programs used to address these issues include highway construction, alternate modes, intelligent transportation systems, travel demand programs and weather-related incident management teams.

INVESTMENT LEVEL GOALS:

Improve mobility

Increase travel reliability

INVESTMENT LEVEL DEPARTMENT-WIDE OBJECTIVES:

Seek external customer feedback to improve functional and regional delivery of services
- Ensure CDOT talks with their customers to determine their needs and perspectives

Preserve transportation choices as a part of an integrated statewide transportation planning process
- Provide options for transportation such as public transit, bike paths, etc.

Maximize efficiency of the existing infrastructure prior to adding new capacity
- Ensure the existing system is functioning well before considering new options

Ensure environmental stewardship of the transportation system
- Incorporate environmental process as an element of project planning, not a barrier

Implement transportation improvements that enhance the quality of life and promote community values
- Community may want better public transportation and less traffic, such as light rail or other transit methods

Preserve options to anticipate Colorado's future transportation needs in major mobility corridors
- What CDOT is doing today to address future needs such as obtaining corridor right-of-ways

INVESTMENT LEVEL PERFORMANCE MEASURES:

Congested Person Miles Traveled

Customer Perception Rating of Travel Reliability and Ability to Travel

Percent of Travel Needs Met (methodology in development)

Rate of Growth in Annual Vehicle Miles of Travel (methodology in development)

MOBILITY - PROGRAM SUMMARIES:

During the Department's Resource Allocation process, the Transportation Commission identifies regional allocations for the six Transportation Regions that cover the state. The intent is that in FY2002 to use the process identified in the current CDOT Rules and Regulations, which requires that transportation needs be obtained through a statewide regional planning process. Fifteen regional transportation plans are developed every five years to include a list of prioritized needs. The plans are reviewed and amended, as needed, each year through Transportation Commission held meetings.

To ensure the integrity of the grassroots planning process, objectives have not been established. However in its place, the Department will track the impact of regionally identified projects to the State's transportation system. The information will be provided to the planning regions to evaluate future project selection. In some cases, software models are currently being implemented to report this information.

The Transportation Commission will be reviewing this approach for subsequent years of reporting (2002 – 2020).

Highway Performance Program
This program includes capital-intensive roadway projects that add new capacity to the system such as lane additions or new road construction. Many of these projects are listed as part of the Strategic Projects Program that the Department is currently reporting separately. The remaining projects not included in the Strategic Program fall under this program.

Alternative Mode Performance Program
Alternative modes play an important role in providing mobility and reducing congestion. The program includes aviation, rail, transit, bicycles and walking. Investment in these alternate modes provides for capital construction of facilities, operation of mass transit services, purchase of transit or rail vehicles, and maintenance of facilities and modal equipment.

Facility Management Program
This program includes systems that maximize the utilization and capacity of the existing transportation infrastructure and services. Examples include ramp metering, incident management and signal coordination.

Travel Demand Management Program
This program includes strategies developed to influence the demand for existing transportation infrastructure. There are two types of strategies: (1) "Pull" strategies that attempt to attract travelers to higher density transportation modes. Examples include transit and carpool incentives, and, (2) "Push" strategies that discourage use of heavily used modes. Examples include parking charges and facility tolls.

Road Closures Program
The program includes activities such as avalanche and rockslide removal as well as regular winter snow maintenance. These are included in the Mobility investment category because their primary purpose is to keep facilities open to accommodate the flow of traffic versus those activities reported in System Quality, which are to maintain the integrity of the transportation system.

An annual survey is conducted to observe maintenance conditions for the transportation system. Five service levels are established for each maintenance activity, A through F, with A being the best or highest service level and F being the worst.

IV. STRATEGIC PROJECTS

This program is comprised of 28 high-cost, high priority projects that are receiving accelerated funding to expedite their completion. These projects have been selected to address corridors of State and regional significance, the inordinate amount of time required to complete major projects, and provide for a more aggressive response to the demands for mobility.

INVESTMENT LEVEL GOALS:

Accelerate the completion of the projects

Increase investment in the program

INVESTMENT LEVEL DEPARTMENT-WIDE OBJECTIVES:

Promote partnerships with all governments to enhance working relationships
- Collaborate on local projects such as helping communities with their planning

Accelerate Strategic Project delivery while minimizing the impact to all other objectives
- Ensure strategic projects are supported, with minimum risk to other work

Maintain eligibility of CDOT's bonding program to ensure non-default and ability to bond in the future
- CDOT needs to maintain a certain bond rating as well as meet bond dates

INVESTMENT LEVEL PERFORMANCE MEASURES:

Actual Funds Encumbered versus Total Encumbrance Planned by Program

Actual Funds Expended versus Planned reported on a quarterly and yearly basis

Percent Ad Dates Met Prior, On-Time, within 30 days, 60 days, or beyond 60 days

Days to Complete Payment Processing and Billing Compared to Indenture and Continuing Disclosure

V. PROGRAM DELIVERY

Those support functions that enable the delivery of CDOT's programs and services. Although the programs within this investment category do not directly result in tangible transportation projects, they do have a strong impact on the delivery of projects. The programs have been grouped into three functional areas: Strategic Support, General Support and Program Support.

INVESTMENT LEVEL GOALS:

Deliver high quality products and services in a timely fashion

Attract and retain an effective and qualified workforce

Foster an environment that respects workforce diversity

INVESTMENT LEVEL DEPARTMENT-WIDE OBJECTIVES:

Maintain fiscal integrity of CDOT through timely encumbrance of funds and project delivery
- Demonstrate financial responsibility through effective management of fund expenditures and project delivery and quality

Create a funding environment that preserves the base while pursuing new sources
- Ensure CDOT maintains its eligibility to receive existing funds (bond rating) while pursuing new funds

Ensure timely product and service delivery
- Aggregation of critical service delivery within CDOT Program Delivery such as vendor payments, project delivery, etc.

Identify innovative human resource (HR) solutions that maximize existing resources to meet business needs
- With recent employee turnover rates, consider alternative ways to provide service such as contractors, technology, etc.

Create public confidence in Department accountability
- Communicate, educate and market to customers regarding CDOT's business and performance

Incorporate education in project development and implementation
- Foster partnerships with other governments and customers in projects to help create better understanding and support

Develop planning processes that enhance future project development
- Ensure that CDOT can plan and prepare for the future with processes in place today

Design projects that foster alternative modes in partnership with others
- Ensure transportation system project designs consider all modes of travel including auto, foot, public, etc.

Maintain a viable service industry to create a competitive environment
- Ensure that CDOT recruits and maintains a good contractor pool to work from

Create an environment that fosters high employee productivity
- Ensure that CDOT encourages high production per FTE to receive maximum benefits

INVESTMENT LEVEL PERFORMANCE MEASURES:

Performance measures for Program Delivery are not established at the "Investment Category Level" but rather at the Core Service Level, noted below, and are not included in the "Strategic Plan".

PROGRAM DELIVERY - PROGRAM SUMMARIES:

Strategic Support Program
Strategic Support includes functions that set, advocate, and communicate strategic direction and policy for the Department including the Transportation Commission, Executive Management Team (EMT) and the Office of Policy and Governmental Relations.

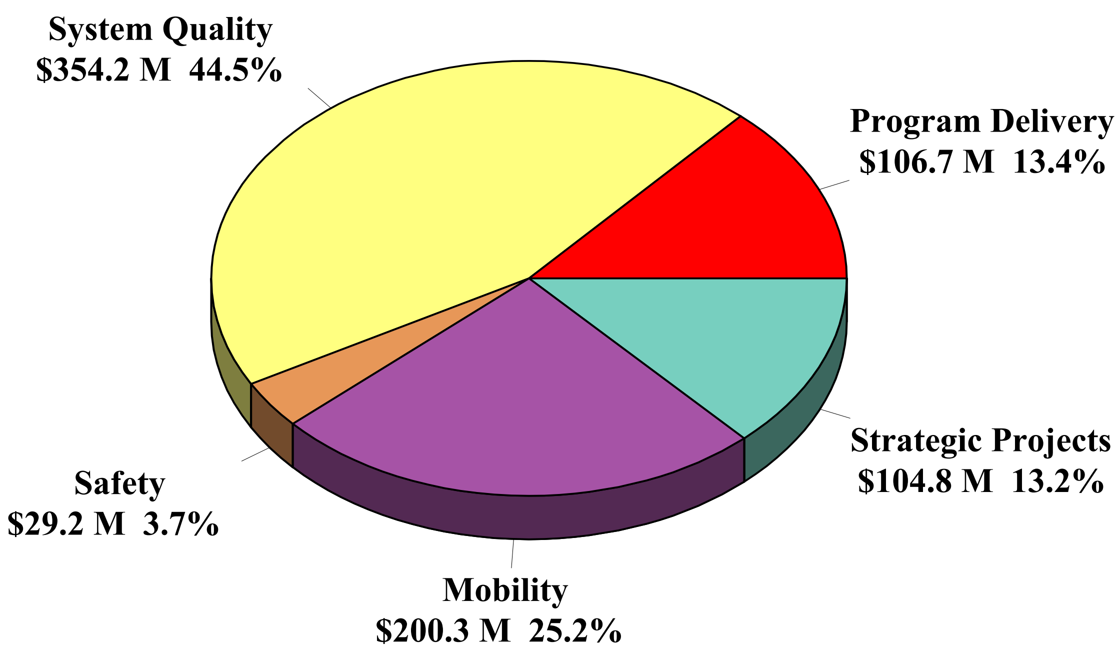
General Support Program
General Support includes functions that are required by any business to support day to day operations, such as information systems, accounting, budgeting, auditing, procurement, human resource management, financial management, etc.

Program Support
Program Support includes functions that are unique to CDOT that would not normally be found in most governmental agencies. Since CDOT's mission supports the movement of people, goods, and information, specific programs that are used include Right-of-Way Services, the Office of Environmental Review and Analysis, Aeronautics, Staff Construction and Materials, Staff Design, Division of Transportation Development, Staff Maintenance, etc.

Property/Equipment Program
Property/Equipment Program includes functions associated with the maintenance, operation, replacement and upgrade of the Department's buildings, vehicles and non-computer equipment.

CDOT INVESTMENT CATEGORIES
FY 2004 Estimated Distribution

$795.2 Million



This distribution does not include TRANS Bond proceeds and is an estimate based upon general Program Budget alignments with Investment Categories, and thus not project specific.

FY 2003-2004 BUDGET

The Department of Transportation's budget for FY 2003-2004 totals $795,229,080, with a staffing level of 3,301.2 full time equivalent (FTE) positions. The funds come from various State, federal, and local revenue sources. These sources are detailed in sections to follow.

Federal law, State statute, or the State Constitution restricts how the Department can use the various funding sources. The Department's budget appropriation is allocated and directed primarily by the eleven member Transportation Commission, with Department Administration, the Division of Aeronautics, Persistent Drunk Driver Funds, and Gaming Funds appropriated by the State legislature.

The Commission utilizes a resource allocation system of program budget development linked to the five major investment categories, as identified on the previous pages, and their program implementation areas as detailed in the following pages. The priorities and available funds are allocated according to priorities and performance targets and are reported as to outcome/results utilizing our Performance Measurement and Reporting system. The Maintenance Program budget further allocates resources to the nine maintenance sections and six traffic sections using a "levels of service" (LOS) plan and allocation system with targeted levels of service delivery as determined by the Transportation Commission and reported using an annual performance grading and reporting system.

BUDGET ADJUSTMENTS

REVENUE REDUCTION

CDOT does not receive State General Fund (GF), other than the transfers of a portion of sales and use taxes pursuant to S.B. 97-001, and due to recent modifications to the State revenue estimates this transfer has been stopped for FY2003 and FY2004. Consequently, per the Commission's decision, we are not including any sales and use transfer funds in our projections for FY2003 or beyond, and are thus indicating a 100% reduction in GF. If the economy improves and the funds become available, the Transportation Commission will fund projects in priority order within the amount received.

We have also evaluated all operating and project budgets for reprioritization to assure we are addressing the highest priorities with our limited resources.

DECISION ITEMS

Two Decision Items submitted to the Office of State Planning and Budgeting (OSPB) were submitted to the Joint Budget Committee (JBC) for legislative consideration and appropriation. The Department of Transportation requested an appropriation of $1.1 million from the General Fund retention of Gaming Funds (the 50% portion of the Limited Gaming Fund transferred to the General Fund) to handle the construction and maintenance needs associated with the increased traffic on State highways in the vicinity of the gaming communities. This request was made in accordance with S.B. 94-60, and was approved by the Gaming Commission and OSPB, however, it was **denied by the Legislature**.

The second Decision Item requested $100,000 from the Persistent Drunk Driver Fund for programs to develop methods to deter persons from repeat drinking and driving. The funds for this program are derived from a penalty surcharge of $25 to $500 imposed by judges upon persons with multiple drunk driving convictions. This item was **approved by the Legislature**.

SALARY AND BENEFITS

The FY 2004 salary survey and pay for performance requests were based upon the actual survey, with a salary survey average of 3.4%, and the OSPB approved formula for performance. These adjustments for FY2004 were **not approved by the Legislature**. The PERA rate of 10.15% was used for FY 2004.

INFLATION - Operations

The Department utilizes inflation rates provided by the OSPB in the development of the budget request for areas other than construction and maintenance. For FY 2004 the OSPB inflation factor is 0.0%. The Transportation Commission added 3.0% for Equipment and has provided initial funds to address the statewide Property program.

STATEWIDE INDIRECT COSTS

Annually, the Department is assessed a non-discretionary charge for statewide indirect costs. These costs reflect the overhead costs associated with certain services provided by various other State agencies to CDOT. These include the Department of Personnel, the Division of Accounts and Control, the Division of Telecommunications, and others. For FY 2004 the Department's statewide indirect cost assessment, as recommended by the State Controller's Office, is $2.2 million, which is a $12,381 increase over the FY 2003 charge.

FTE LIMITATION

By statute (CRS 43-1-113(4)), the Department of Transportation is limited to a maximum of 3,316.0 full-time equivalents (FTEs). This includes all permanent and temporary positions (including those funded by legislative appropriation). The Transportation Commission has in recent years limited the full-time equivalents to a level lower than the statutorily authorized level. The level approved for FY 2004 is 3,301.2 FTEs (227.7 Legislatively appropriated and 3,073.5 Commission appropriated). This is 4.0 over the FY 2002 level due to an Executive Order by the Governor, transferring the Office of Certification from the Department of Regulatory Agencies to CDOT during FY2003.

FY2004 ESTIMATED REVENUES BY SOURCE

In FY 2004, the Colorado Department of Transportation anticipates receiving approximately $795,229,080 (assuming 90% federal obligation authority, which reduces the federal highway dollar estimate by $31.8 million.) The total does not include any funds from the State sales and use taxes transferred from the State General Fund to the State Highway Fund (SHF-State share of the HUTF), pursuant to S.B.97-001. Additional spending authority, not included here, is from TRANs as explained on page 24.

STATE FUNDS	**FY 2004**
Highway Users Tax Fund - (State Share - SHF)	**418,186,871**
Additional Elements of the SHF	
Miscellaneous CDOT Revenues *(Interest, Permits, etc.)*	27,373,982
Bond Interest	5,170,746
Rail Bank	22,085
State Infrastructure Bank	222,480
Limited Gaming Fund - Decision Item – ***(Denied)***	0
Sub-Total	**32,792,293**
GF to HUTF transfer for Construction *(pursuant to S.B.97-001)*	**0**
County & Municipal Bridge Fund *(Sunset)*	**0**
Total State Funds	**$450,979,164**
LOCAL FUNDS	
Local Match & Reimbursements	**$14,515,144**
FEDERAL HIGHWAY ADMINISTRATION FUNDS (FHWA)	
Apportionment	336,613,269
Less: Obligation Limitation	(31,780,184)
Less: Recreational Trails	(854,000)
Total FHWA Funds	**$303,979,085**
OTHER FUNDS	
Transit & FTA	4,518,131
Aeronautics Fund & FAA	15,340,721
Highway Safety Funds including MOST & LEAF & PDD	5,896,835
Total Other	**$25,755,687**

ESTIMATED TOTAL CDOT REVENUE * $795,229,080

- Total Revenue does not include TRANs proceeds, which are used over multiple years, with an estimated **$60.1** million of the FY2002 issuance to be utilized for FY2004 contractual obligations. This also does not include Internal Cash Fund (ICF) "Spending Authority" of $2,981,660, which is derived from payments by internal or other government organizations, and $314,060 of "Spending Authority for the Statewide Tolling Enterprise for a total budget spending authority of $798,524,800.

Colorado Department of Transportation
Estimated FY 2003 - 2004 Financing System
(In Millions)

Revenue Sources

$1,183.7

Total HUTF
$774.0
65.4%

Motor Fuel
$560.9
72.5%

Other
$213.1
27.5%

HUTF Restricted @
$9.5
1.2%

@ *Special use, not for const./maintenance*

Off-the-Top
$84.8
11.0%

Remaining HUTF
$679.7
87.8%

Federal Funds
$336.6
28.4%

Reflects reduction due to Obligation Limitation

Miscellaneous
$73.1
6.2%

Miscellaneous includes: $5.9 Safety Education; $4.5 Transit; $15.3 Aeronautics; $0 Gaming Funds; $14.5 Local Funds; $5.2 Const. Earnings; $27.7 Other Misc (includes SIB and Rail Bank)

Senate Bill 97-001
$0.0
0.0%

TRANS

TRANS proceeds from FY 2002 will be used to supplement 7th Pot Projects

Distributions

$1,056.8

Cities
$103.7
15.3%

Counties
$157.8
23.2%

CDOT
$418.2
61.5%

Federal Funds
$304.0

Miscellaneous
$73.1

Senate Bill 97-001
$0.0

TRANS

CDOT /1
$795.2

Statewide Programs
$487.6
61.3%

Surface Treatment	$123.5	25.3%
Bridge	$38.5	7.9%
Rest Area	$2.8	0.6%
Noise Barrier	$0.0	0.0%
Small Urban	$1.1	0.2%
Safety	$29.3	6.0%
Maintenance *	$187.0	38.4%
ITS	$3.4	0.7%
CDOT Operations	$94.7	19.4%
TC Contingency #	$7.4	1.5%

Regional Programs
$202.8
25.5%

Regional Priorities	$133.2	65.7%
Other	$69.6	34.3%

Strategic 28 Projects "7th Pot"
$104.8
13.2%

/1 CDOT Total does not include Bond proceeds.

* Comprised of the $138.9 Maintenance Base and $22.9 from Surface Treatment, $21.7 from Safety, $3.4 from Rest Area, $0 from CDOT Operations (Gaming).

\# The TC Contingency Reserve is used primarily to address emergency response to flooding, rock & mud slides and to address other emergency maintenance or weather related issues.

As of June 2, 2003 - Revised

TRANSPORTATION REVENUE ANTICIPATION NOTES (TRANS) REVENUE

TRANS is short for "Transportation Revenue Anticipation Notes". TRANS is a financing mechanism that allows the Department to issue bonds to accelerate projects today and use future federal and state revenues to payback bondholders over time.

The State Legislature passed enabling legislation in the 1999 session. In November of that same year, the voters approved Referendum A. Referendum A gave the Department the authority to utilize this financing mechanism.

The legislation had several restrictions. These restrictions are as follows:

- Bond proceeds must be used on the Strategic Transportation Project Investment Program, otherwise known as the 7th Pot projects.
- The maximum principal amount of bonds that can be issued cannot exceed $1.7 billion and the total repayment of principal and interest cannot exceed $2.3 billion.
- The highest level of debt service in any given year cannot exceed 50% of the previous years' federal aid funds collected, i.e. if CDOT collects $300 million in federal funds during the state fiscal year, the total annual repayment of all bonds issued to date cannot exceed $150 million.
- The following sources of funds can be used by the Department to repay the bonds. They are:
    - Federal transportation funds
    - State-matching funds
    - Note proceeds
    - Interest earnings

There is no specification of the portion of fund types that can be used in repayment of the bonds in the legislation.

Currently outstanding from the May of 2000 issuance are $229,550,000 of bonds, and from the April Series 2001A issuance are $406,490,000 of bonds. In June 2002, Series 2002 bonds were issued in the amount of $208,300,000. In July 2002 Series 2002 Refund Bonds were issued in the amount of $400,160,000. To date, $1.245 billion of bonds have been issued, all of which have been budgeted and are under contract. The Department anticipates issuing approximately $100 million of additional bonds this summer. The $100 million was derived using the parameters addressed above. This would bring the total debt service to $2.1 billion and annual debt service maximum to $155 million.

Debt Service payments for FY2004 total $68.3 million, based on:

- $16.2 million for Series 2000
- $21.3 million for Series 2001A
- $10.1 million for Series 2002
- $20.7 million for Series 2002 Refund

$60.1 million of the FY2002 issuance is to be used for FY2004 contractual obligations.

FEDERAL REVENUES

The Transportation Equity Act for the 21st Century (TEA 21), signed into law June 9, 1998, provided continued federal transportation funding for six years (FFY 1998 through FFY 2003). This act represented a major attempt by both Congress and the President to address the transportation problems facing the nation with federal funds. ***However, the new federal reauthorization legislation has not been enacted, therefore, we have assumed a continuation of funding similar to that of the expiring TEA 21 for our FY04 revenue forecast and programs.***

TEA 21 authorized $217 billion nationwide ($198 billion for Surface Transportation) over the life of the bill, which represented a 40 percent increase over the previous transportation act (ISTEA). Colorado's formula allocations under ISTEA averaged $200 million a year ($192.4 million after obligation limitations). Under TEA 21, Colorado received an average of $293 million per year in formula allocations. Actual obligation authority averaged 88 to 90 percent of authorizations or $258 to $290 million per year (obligation limitation is the mechanism for controlling the rate of highway spending each year).

TEA 21 provided a guaranteed level of federal funds keyed to receipts of the Highway Account of the federal Highway Trust Fund (HTF). The act also specified that each State's share of apportionment for specified programs is at least 90.5 percent of its percentage share of contributions to the Highway Account, based on the latest data available at the time of apportionment.

Federal funding is derived primarily from the federal fuel tax that is currently 18.4 cents per gallon on gasoline and 24.4 cents per gallon for diesel. Federal Highway Trust Fund excise taxes have been extended through September 20, 2005.

FEDERAL OBLIGATION

The federal fund figures assume an estimated 90% federal obligation limit for total federal funds in FY 2004. The obligation authority limit reduces estimated FY 2004 federal funds for Colorado by $31.8 million, for a total of $304.9 million instead of $336.6 million. There is a further mandated reduction of $854,000 for the Recreational Trails program, thus resulting in a net $304.0 million of federal funds for FY 2004.

STATE REVENUE

HIGHWAY USERS TAX FUND (HUTF)

The major source of revenue for CDOT is the Highway Users Tax Fund (HUTF), which is projected to total $774.0 million in FY 2004. The major source of revenue for the HUTF is the State's motor fuel tax. This tax is estimated to generate $560.9 million 72.5%, of the total HUTF in FY 2004. The remaining 27.5%, or $213.1 million, is comprised of motor vehicle registrations and other fees.

The "portion" of the **HUTF**, (considered a Cash Fund in the Long Bill for Tabor Amendment purposes), that is distributed to CDOT plus interest and miscellaneous fees and federal reimbursements constitutes the **State Highway Fund (SHF)** (considered as Cash Fund Exempt). In FY 2004, this is expected to be $418.2 million, or 61.5% of the HUTF.

During the budget process, the General Assembly appropriates funds from the HUTF to two State agencies, other than the Department of Transportation, whose functions are related to highways. These are, the Department of Revenue's Ports of Entry, Division of Motor Carrier Services, that enforces trucking load permits and taxation, and the Department of Public Safety, Colorado State Patrol, which enforces highway laws. These appropriations are referred to as "off-the-top" deductions and, by statute, cannot increase more than 6% annually (7% prior to S.B.95-47). With other changes made by S.B. 95-47, the off-the-top distributions were adjusted to remove, over a three-year period, all agencies other than the State Patrol and Ports of Entry, thus leaving a larger share for road uses. For FY 2004, "off-the-top" is estimated to be $84.9 million or approximately 11.0% of the total fund. Furthermore, there are a variety of HUTF Special Use Restricted Accounts (non-construction/maintenance) such as the Driver's License Revocation Account, that are deducted from the initial HUTF revenues prior to distribution. After these appropriations are deducted from the "Basic Fund" (i.e., the original seven-cent per gallon fuel tax enacted in 1969, and all fees), the remaining dollars are distributed 65% to CDOT, 26% to the counties, and 9% to the cities.

From 1979 to 1987, a percentage of Colorado's sales and use tax had been transferred by statute to help finance Colorado's highway system. In 1987, the Colorado General Assembly eliminated this transfer but continued limited General Fund highway support through FY 1991. In 1981, a 2-cent tax was added on each gallon of gasoline and diesel fuel and, in 1983, a 3-cent tax was added on each gallon of gasoline and 4 cents on each gallon of diesel. In 1986, a 6-cent tax was added on each gallon of gasoline and 7.5 cents on each gallon of diesel. In 1989, the General Assembly passed House Bill 1012 during the Special Session to increase the gasoline tax to 20 cents per gallon. The diesel tax of 20.5 cents was decreased to 18 cents on January 1, 1990. As part of the same legislation, on January 1, 1991, the **gasoline tax** was raised to **22 cents per gallon** and on January 1, 1992 the **diesel tax** returned to **20.5 cents per gallon**. The additional gas taxes are distributed 60% to CDOT, 22% to the counties, and 18% to the cities.

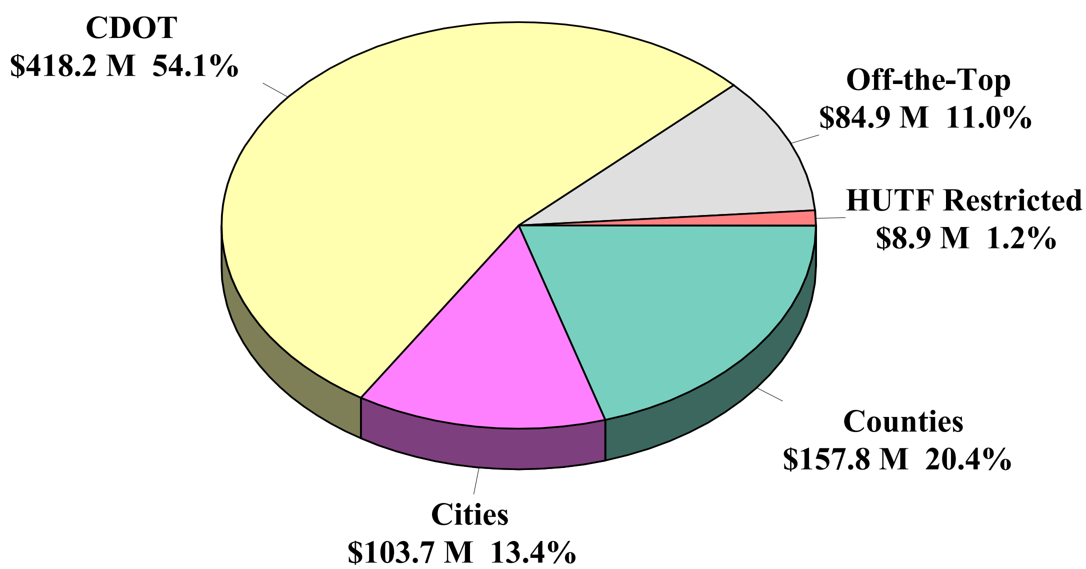
In addition to the assistance from S.B.95-47 in reducing "off-the-top" deductions, the General Assembly and Governor approved S.B.97-001. This Act provided assistance to CDOT with construction funds through the transfer, from the GF to the SHF, of a portion of sales and use tax revenues collected on the sales or use of motor vehicles and related items beginning July 1, 1997, and ending in FY 2001-02. H.B.98-1202 extended the sales and use tax transfer through

June 30, 2008, and H.B.99-1206 made the transfer permanent. Cities and counties do not receive additional Highway Users Tax Fund distributions from the transfers. All of the funds transferred are to be used for the Strategic 28 Priority Projects Program. However, due to competing GF needs and the uncertainty of the receipt of these funds, in FY 2004 the transfer is estimated at $0.0.

The State Highway Fund is used primarily for the maintenance of the State highway system, and for matching available federal construction funds.

Colorado Highway Users Tax Fund
FY 2004 Distribution

$774.0 Million



GAMING FUNDS

The Department of Transportation requested an appropriation of $1.1 million from the General Fund retention (the 50% portion of the Limited Gaming Fund transferred to the General Fund) to handle the construction and maintenance needs associated with the increased traffic on State highways in the vicinity of the gaming communities. This request was made in accordance with S.B. 94-60, and was approved by the Gaming Commission and OSPB, however, it was **denied by the Legislature**.

AERONAUTICS REVENUES

STATE

Like other programs within the Department of Transportation, this program receives no General Fund revenue to support its aviation activities. Financial support for aeronautical activities is provided through the State Aviation Fund, which generates revenues through an excise tax on general and non-commercial aviation fuels. Four cents per gallon is collected at the wholesale level on non-commercial jet fuel and six cents per gallon is assessed on aviation gasoline (AvGas) for light single-engine and twin-engine aircraft. All but 2 cents of this revenue is returned to the airport of origin earmarked for airport development. The remaining 2 cents is placed into the Aviation Fund to be disbursed as "grants-in-aid" to the aviation community and as administrative expenses for the CDOT Division of Aeronautics (DOA) (capped at five percent of the annual deposits into the Aviation Fund). The 3% jet fuel sales tax collected on sales of jet fuels to all non-commercial users is similarly disbursed.

Of the $15.0 million anticipated in the Aviation Fund for FY 2004, approximately 70% of the revenue is reimbursed by the DOA to the "airports-of-origin." The remaining 30% of revenues are disbursed from the Aviation Fund by the Colorado Aeronautical Board (CAB) as grants-in-aid, and for administrative funding for the DOA, which is limited to 5% of the annual deposits to the Aviation Fund, and for FY 2004 is only 3.2%.

Using State revenue from the sale of aviation fuel and jet fuel, the Division of Aeronautics plans to distribute about $4.0 million in discretionary grants to airports throughout Colorado in FY2004. These grants are made to help fund a variety of projects such as runway repair, emergency equipment upgrades, airport terminal rehabilitation and runway lighting. The CAB generally requires that local matching funds are included in proposals to the CAB, to demonstrate local support for project requests.

FEDERAL

Federal support for Colorado's aeronautics program is minimal, excepting the funds for Denver International Airport, which is not part of the CDOT Division of Aeronautics. CDOT is estimated to receive $0.35 million in federal funds for FY 2004. For FY 2004, there are 3.0 FTE funded from these federal funds.

Federal support of the Aeronautics Program is designed to accomplish aeronautical projects of federal interest. These projects require a 10% match from the State Aviation Fund, which is provided by the CAB from the Discretionary Grant Program.

SAFETY EDUCATION PROGRAM - REVENUES

STATE

In addition to highway safety education programs with federal funds that are now matched with SHF (which were matched with General Fund, prior to H.B.00-1164) there are two major safety programs, which are entirely State funded: the Law Enforcement Assistance Funds (**LEAF**) and the Motorcycle Operator Safety Training (**MOST**) Program.

LEAF was created by the Legislature in 1982 to help cities and counties enforce drunken driving laws. The Office of Transportation Safety (OTS), within the Safety and Traffic Branch of CDOT, is assigned the responsibility of allocating LEAF money to law enforcement agencies statewide. Today, there are approximately 40 law enforcement agencies in the State receiving LEAF money, with $1.7 million in LEAF funds to be allocated in FY 2004.

No tax dollars go into LEAF. A $90 fee is assessed upon conviction or a guilty plea for an alcohol-related traffic offense. The State receives $75 of the $90 fee and the county receives the remaining $15.

In 1990, the General Assembly created the Motorcycle Safety Training (MOST) Program to promote safe motorcycle riding and established a five-member MOST Program Advisory Committee. Effective July 1, 1997, surcharges of $1 on each motorcycle-endorsed driver's license and $4 on each motorcycle registration are credited to the MOST fund. For FY 2004, MOST funds total $0.594 million, of this amount, a portion of this is set aside for motorcycle training organizations to be used as 50% tuition reimbursement. The remaining funds are for administrative costs.

PERSISTENT DRUNK DRIVER PREVENTION PROGRAM *(STATE FUNDS)*

The Persistent Drunk Driver Program was established to develop methods to deter persons from repeat drinking and driving. The funds for this program are derived from a penalty surcharge imposed by judges upon persons with multiple drunk driving convictions. The fund proceeds are appropriated by the General Assembly to CDOT, the Department of Revenue and the Department of Human Services, for implementation of programs addressing the prevention of repetitive drunk driver offenses. A Decision Item for the CDOT portion of this program was submitted for $100,000 in FY 2004, and was **approved by the Legislature**.

FEDERAL REVENUES

Four major programs in the Safety Education Program that receive federal funds:

- Transportation Safety Administration
- Highway Safety Plan
- Alcohol Incentive Grant Program
- Fatal Accident Reporting System (FARS)

INTERMODAL REVENUES

TRANSIT – FEDERAL REVENUES

Colorado's transit systems are primarily funded through the Federal Transit Administration (FTA), formerly the Urban Mass Transportation Administration (UMTA). Operating and capital assistance for urbanized areas (Colorado Springs, Boulder, Denver, Fort Collins, Grand Junction, Greeley, Longmont and Pueblo) is awarded by the FTA directly to those areas. Federal assistance for transit services in non-urbanized areas, transit planning and transportation for the elderly and disabled, is administered by CDOT. Federal funds for transit programs are partially derived from 1.5 cents per gallon tax set aside in the federal Highway Trust Fund and are awarded to states based on population. For FY 2004, Colorado will receive approximately $43.5 million in federal transit funds, of which $4.3 million are administered by CDOT, and the remaining funds are allocated directly to the local entities by FTA.

Under ISTEA, the Federal Transit Program is allocated into six major programs:

- USC 49-5311- Assistance for Non-urbanized Public Transportation;

- USC 49-5310 - Assistance for Transportation of Elderly Persons and Persons with Disabilities;

- USC 49-5303 - Transit Planning Assistance for Urbanized Areas;

- USC 49-5313&14 - Statewide Transit Planning Assistance;

- USC 49-5307 - Formula Funding for Urbanized Areas; and

- USC 49-5309 - Discretionary Capital Grant Program.

New federal reauthorization legislation has not been enacted; therefore, we have assumed a continuation of funding similar to that of the expiring TEA 21 for our FY04 revenue forecast and programs.

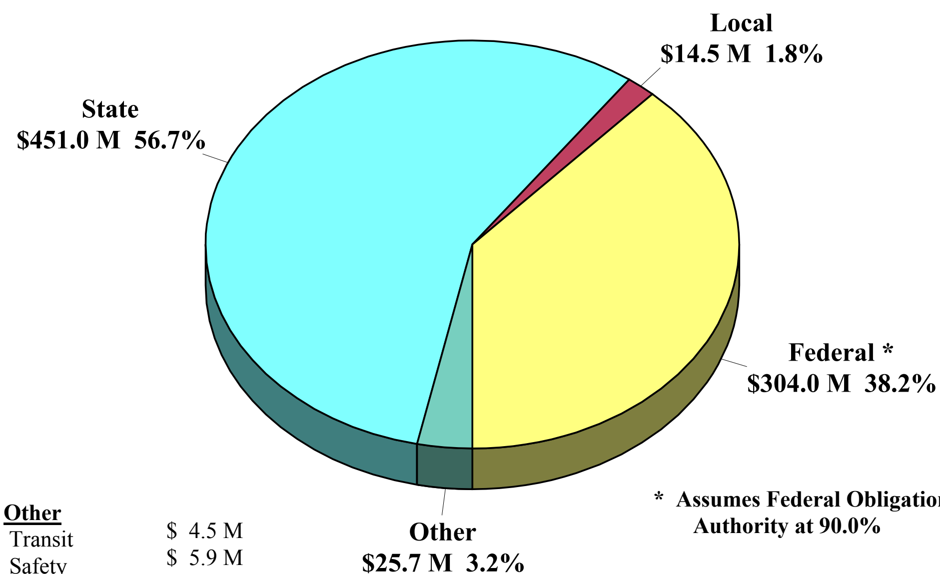
RAIL BANK FUNDS – STATE REVENUES

The Department of Transportation did not request additional funds for this program in FY2004. The program, when funded, is used to purchase abandoned railroad right-of-way and properties along transportation corridors pursuant to S.B.97-37. There is a balance of approximately $0.5 million available from this fund, but there are no properties currently identified for acquisition.

Colorado Department of Transportation

FY 2004 Revenues

$795.2 Million *



* Assumes Federal Obligation Authority at 90.0%

Other	
Transit	$ 4.5 M
Safety	$ 5.9 M
Aeronautics	$15.3 M

* Total Revenue does not include TRANs proceeds, which are used over multiple years, with an estimated $60.1 million of the FY2002 issuance to be utilized for FY2004 contractual obligations. This also does not include Internal Cash Fund (ICF) "spending authority" of $2,981,660, which is derived from payments by internal or other government organizations, or $314,060 of spending authority for the Statewide Tolling Enterprise.

FY 2004 Program Allocation Summary

REVENUES		FY 2004
State Funds - *includes $0 Gaming or S.B. 97-001 funds*	450,979,164	
Federal Funds - FHWA	303,979,085	
Transit - Federal & Local	4,518,131	
Aeronautics (State & FF)	15,340,721	
Transportation Safety (State & FF)	5,896,835	
Local Funds	14,515,144	
Capital Construction Funds *(none in FY 2004)*	0	
TOTAL AVAILABLE		**$ 795,229,080**

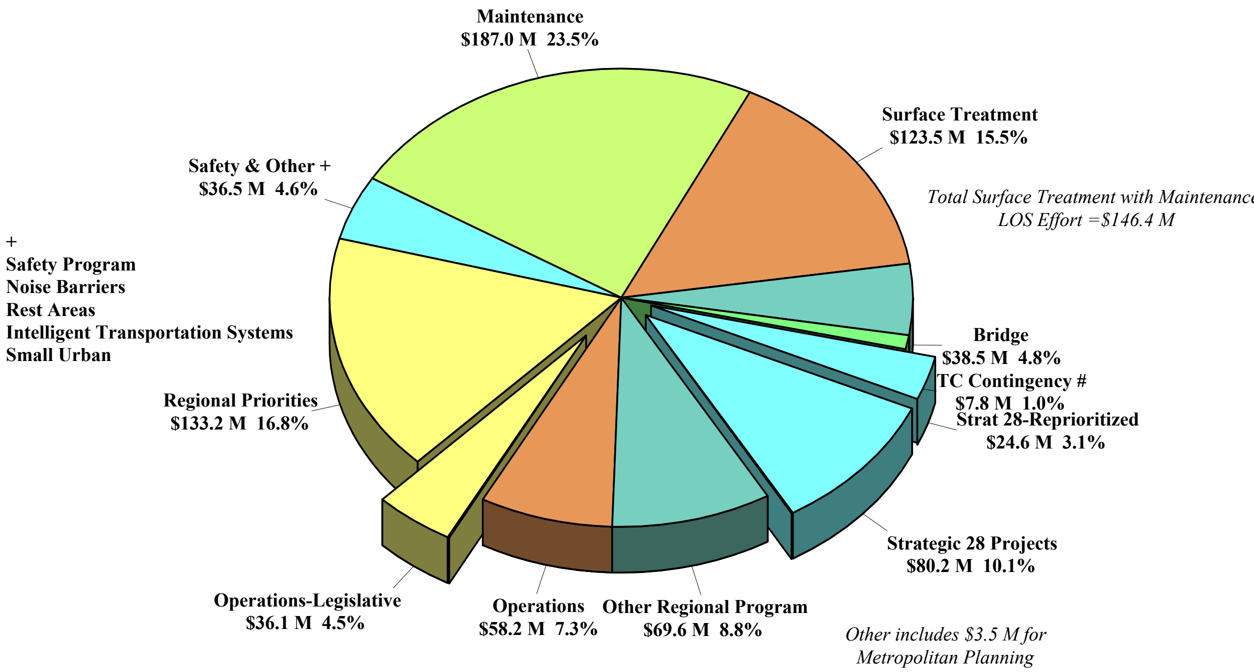
EXPENDITURES		
Strategic 28 Projects (7th POT) *		**$104,793,746**
Statewide Programs		
/1 Surface Treatment	123,478,308	
Bridge	38,489,000	
Rest Areas	2,794,000	
Noise Barriers	0	
Small Urban	1,068,000	
Safety	29,334,000	
/1 Maintenance - *includes $0 Gaming funds*	186,993,944	
Intelligent Transportation Systems (ITS)	3,360,000	
CDOT Operations - *includes $0 Gaming funds*	94,299,690	
TC Contingency	7,795,392	
		$487,612,334
Regional Programs		
Other Regional Priorities	133,220,858	
Metropolitan Planning	3,560,647	
Enhancements	9,917,000	
Metro	31,541,107	
Congestion Mitigation/Air Quality	24,583,388	
Capital Construction Funds *(none in FY2004)*	0	
		$202,823,000
Total		**$795,229,080**

/1 *$22.9 million of the Maintenance Program is dedicated to Surface Treatment, thus bringing the Surface Treatment Program to a total of $ 146.4 million for FY 2004.*

* *Totals do not include TRANs proceeds, which are used over multiple years, with an estimated $60.1 million of the FY2002 issuance to be utilized for FY2004 contractual obligations.*

* *Total also does not include Internal Cash Fund (ICF) "Spending Authority" of $2,981,660 derived from payments by internal or other governmental organizations, and $314,060 of spending authority for the Statewide Tolling Enterprise.*

Colorado Department of Transportation
FY 2004 Budget
$795.2 Million *



*** Does not include TRANS proceeds of $60.1 million from FY2002 to be used to fund FY2004 contractual obligations. Maintenance includes $22.9 M from Surface Treatment and $21.7 M from Saftey Program. # The TC Contingency Reserve is used primarily to address emergency response to flooding, rock & mudslides and to address other emergency maintenance or weather related issues. This does not include spending authority needed for ICF organizations of $3 million or the Statewide Tolling Enterprise of $0.3 million.**

CONSTRUCTION CATEGORIES

Highway construction projects are selected in order to address a particular problem on the State highway system such as safety, surface deterioration, system enhancement, and bridge deterioration, air quality, etc. Projects are selected and prioritized by local officials through the statewide planning process. These projects are then included in the Statewide Transportation Improvement Program (STIP). All projects must be included in the STIP in order to receive funding. Funding approved by the Transportation Commission for the Construction Program is used to fund specific projects in the STIP.

Projects may be funded from a variety of sources including federal, State, local, reimbursable, and private funds or any combination thereof. Projects utilizing federal funds must meet specific federal requirements. Some of the funds are passed through to other governmental entities.

STRATEGIC 28 PROJECTS PROGRAM

On August 15, 1996, the Transportation Commission adopted the Strategic Transportation Project Investment Program, otherwise known as the "7th Pot." This program identified 28 high priority projects of statewide significance. The primary objective of the Strategic 28 Priority Projects was to expedite the completion of these transportation projects, to establish a minimum annual level of funding for these projects and provide a process for monitoring and reporting project progress. To date, eleven of the 28 projects have been fully funded and are now fully or almost complete.

This program focuses transportation resources on a series of project corridors of State significance. These projects address high priority needs in mobility, reconstruction and/or safety; they have high statewide and/or regional priority; and, they are contained in the approved 20-Year Statewide Transportation Plan and the approved STIP.

Pursuant to H.B.99-1325, the proceeds from TRANS are dedicated toward this program. See page 24 for a more thorough description of this financing method.

(Map, status and list of projects in Appendix A.)

STATEWIDE PROGRAMS

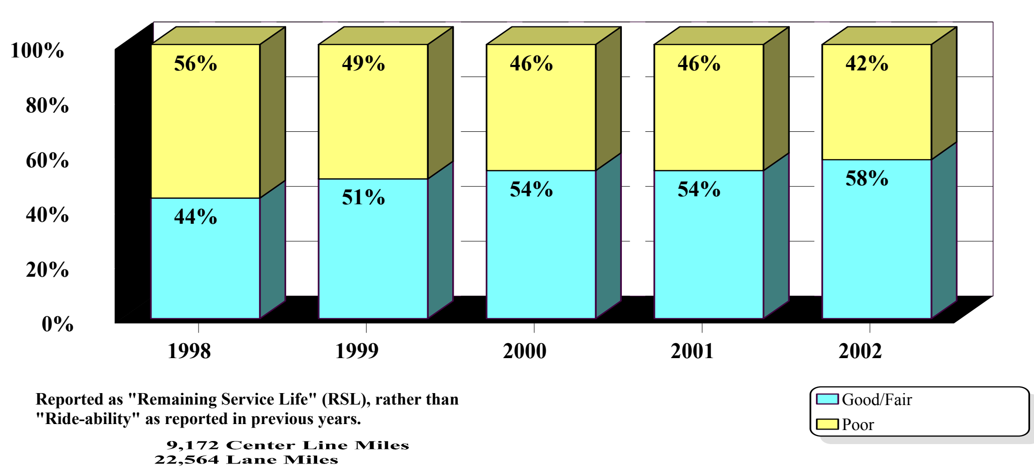
SURFACE TREATMENT PROGRAM

The Surface Treatment Program involves a combination of federal and State funds. Federal Surface Transportation Program funds may be utilized in this program for any roads that are not functionally classified as local or rural minor collectors. The budgets indicated below include a combination of the base program and an additional $22.3 million of work planned by Maintenance, which is tracked as part of the maintenance program.

To preserve and maintain the State highway system, the Transportation Commission allocated $123.5 million in FY 2004 to the Surface Treatment Program (plus a minimum of $22.9 million transferred to the Maintenance program for surface work.) This is the eleventh fiscal year of an increased level of funding for surface treatment. In contrast, in FY 1993, only $46.4 million was budgeted for the program. The decision to increase the amount for resurfacing was based on 1993 data showing that 64% of the state highway system had pavement rated as "poor." The increased emphasis has had a positive effect. Currently, the pavement on the State system is rated 54% as "fair/good" and 46% as “poor” now using “Remaining Service Life” (RSL) rather than “Ride-ability” as reported in previous years, which indicated a higher percentage of good/fair yet was not an indication of the how long the improved condition would last.

The Transportation Commission has determined that the overall objectives for surface condition are 60% good/fair and 40% poor. The Commission has set the following objectives for the pavement condition of the State highway system: Interstate 85% good/fair - 15% poor; National Highway System 70% good/fair - 30% poor; All Other Roadways 55% good/fair - 45% poor. The following graph depicts the changes in condition.

Roadway Surface Condition



BRIDGE PROGRAM

Congress through the Highway Bridge Replacement and Rehabilitation Program (HBRRP) funds the State's Bridge Program. For HBRRP purposes, a bridge is defined as a structure including supports erected over a depression or an obstruction, such as water, highway, or railway, and having a track or passageway for carrying traffic or other moving loads, and having an opening measured along the center of the roadway of more than 20 feet (6.1 meters) between undercropings of abutments or spring lines of arches, or extreme ends of openings for multiple boxes; it may also include multiple pipes, where the clear distance between openings is less than half of the smaller contiguous opening.

The HBRRP, although it has changed somewhat throughout the years, has funded structurally deficient and functionally obsolete bridges that qualify for what is known as the "Federal Select List of Bridges" (the Select List). On a two-year cycle, CDOT and consulting engineers inspect all of the public bridges within the state in accordance with the National Bridge Inspection Standards (NBIS) and, each year, CDOT reports the conditions of the bridges to the Federal Highway Administration (FHWA). From that information, those bridges that are determined to be either Structurally Deficient (SD) <u>or</u> Functionally Obsolete (FO) <u>AND</u> have a Sufficiency Rating of eighty or less are placed on the Select List. The Sufficiency Rating is a value from zero to one-hundred (with zero being the worst) that rates bridges based on structural safety, serviceability, and essentially for public use. To be classified SD or FO, bridges must meet specific criteria defined by FHWA. Those structures that have a Sufficiency Rating LESS THAN fifty qualify for HBRRP replacement funding while those with a Sufficiency Rating from fifty to eighty qualify for rehabilitation funding. The Bridge Design and Management Branch provides this information to the State's Regional Transportation Directors, the cities and counties through the Special Highway Committee, and to Transportation Planning organizations for their use in selecting and prioritizing bridge projects within their jurisdictions to be included in the Statewide Transportation Improvement Program (STIP).

The Code of Federal Regulations (CFR) states that not less than 15 percent nor more than 35 percent of the apportioned funds shall be expended for projects located on public roads, other than those on a Federal-aid system (Off-System). No less than 65% is spent on Federal-aid bridges (On-System). Historically, the numbers of bridges qualifying for the Select List has been fairly constant. That is to say, that the numbers of bridges in the poor, fair, and replaced categories shown in the table do not change dramatically from year to year because as bridges are being replaced, others are deteriorating and becoming eligible for the Select List.

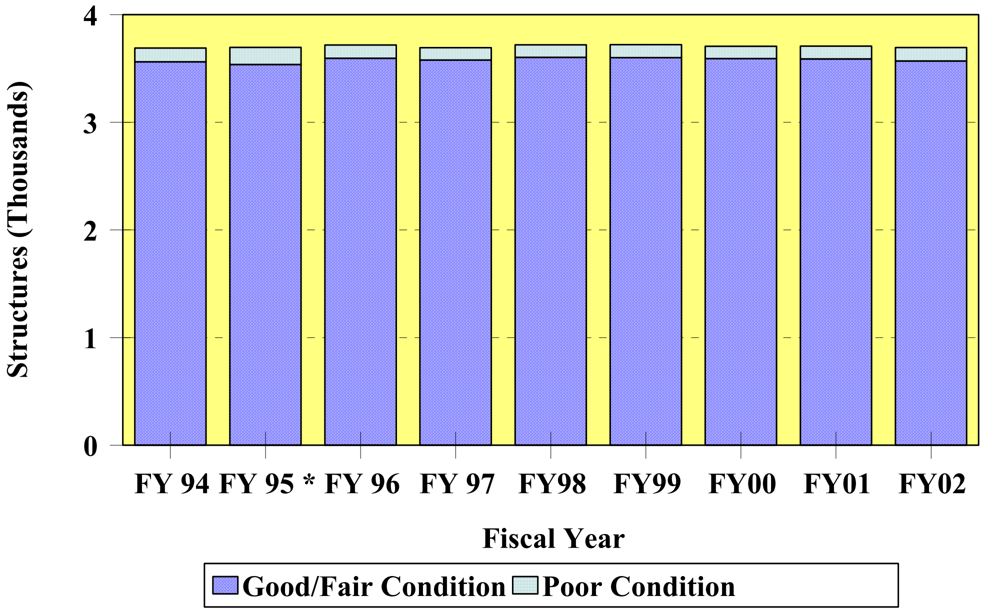
Based on the current Bridge Management Model (PONTIS) the currently estimated cost of replacing and rehabilitating structures on the State Highway system requires $638 million or approximately $31.9 million per year not including inflation.

(See Bridge Condition Chart on next page)

Bridge Program

Colorado State Highway System

Condition based upon: Structure Sufficiency Rating (SSR)



* The apparent increase in Poor & Fair in FY 95 is due to FHWA formula adjustments for Load Carrying Capacity.
The number of Replacements varies partly due to the difference in cost per structure as based on size and location.

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Good/Fair	3,562	3,537	3,595	3,578	3,603	3,601	3,591	3,589	3,570
Poor	127	158	123	114	117	120	115	118	124
TOTAL	**3,689**	**3,695**	**3,718**	**3,692**	**3,720**	**3,721**	**3,706**	**3,707**	**3,694**

Good - Structure Sufficiency Rating > 80 and or N/O
Fair - Structure Sufficiency Rating > 50 but < 80 and SD or FO
Poor - Structure Sufficiency Rating < 50 and SD or FO

REST AREAS PROGRAM

The Transportation Commission has a multi-year program to complete rest areas on the Interstate system to the level identified in the Rest Area Study by the year 2004. The Commission's statewide prioritization had approved $2.8 million for this effort FY 2004. However, the program also includes $3.4 million for rest area maintenance and rehabilitation each year, which is identified in the Maintenance Levels of Service direction of effort.

NOISE BARRIER PROGRAM

The Noise Barrier Program is a multi-year program approved by the Transportation Commission for the completion of Type II noise barriers. This is intended to reduce the noise problems for those properties along CDOT right-of-way. The Commission's statewide prioritization called for allocation of approximately $2.6 million each year through 2002, and thus will not receive an allocation for FY 2004.

SMALL URBAN AREAS

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) discontinued the Federal-aid Urban Program except for those areas with a population greater than 200,000. As a result, the remaining urbanized areas were unable to fund many local projects. The Metropolitan Planning Organizations (MPOs) approached the Transportation Commission requesting funding from the Surface Transportation Program to meet some of the MPO needs. The Transportation Commission elected to allocate $1.1 million for FY 2004 distributed to the urban areas with a population of greater than 35,000 but less than 200,000. This allocation is scheduled to end after FY 2004.

SAFETY PROGRAM - Safety Education Program & Roadway Safety

Under TEA-21, once the Surface Transportation Program (STP) funds are distributed to the states, each state must set aside 10% for safety construction activities, i.e., hazard elimination and rail-highway crossings. ***However, the new federal reauthorization legislation has not been enacted; therefore, we have assumed a continuation of funding similar to that of the expiring TEA 21 for our FY04 revenue forecast and programs.***

The current statewide priorities for this include programs that reduce fatalities, injuries and property damage for all users of the system. The investment category includes two areas of focus. The first focus area includes those programs used to influence driver behavior. The second area focuses on highway improvements to improve the safety of the motoring public.

DRIVER BEHAVIOR PROGRAMS – Safety Education Program

In combination with traditional roadway safety improvements, this program promotes safety through education and enforcement programs such as media campaigns ("TWIST", "Heat is On", "CHILL"), and education programs through media campaigns and school districts for groups which are disproportionately represented in crashes.

This Office of Transportation Safety (OTS), within the Safety and Traffic Branch of CDOT, is assigned the responsibility for the promotion and coordination of transportation safety education throughout the State. The Highway Safety Plan developed by this office is a long-range plan mandated by the Federal Highway Safety Act of 1966, which is designed to reduce traffic accidents and deaths, injuries and property damage.

The OTS develops projects with State and local governmental agencies, non-profit organizations and universities for inclusion in the Highway Safety Plan. These projects are designed to address problems identified in major safety areas such as alcohol/drug countermeasures, police traffic services, roadway safety, occupant protection, traffic records, emergency medical services, and motorcycle safety. Federal funding is made available for these projects with local matching funds.

The OTS administers two State-funded programs. These are the Law Enforcement Assistance Fund (LEAF) and the Motorcycle Operators Safety Training (MOST) Program. LEAF provides grants to assist local law enforcement agencies in the enforcement of drunken driving laws. Funding for this program comes from fines collected from every person who is convicted of, pleads guilty to, or receives a deferred sentence for a violation of alcohol/drug driving laws. The MOST Program provides safety training programs for motorcyclists, and is funded from a $1.00 surcharge on all drivers' licenses that have a motorcycle endorsement, and a $4.00 surcharge on all motorcycle registrations.

SANCTIONS

Open Container Law: TEA-21 required states to enact a law prohibiting open alcohol containers in a vehicle by October 1, 2000. Because a law was not enacted in Colorado, a portion of CDOT's Interstate Maintenance (IM), National Highway System (NHS) and Surface Transportation Program (STP) roadway funds budget have been **transferred** to transportation safety programs. CDOT expects the penalty to continue after the current TEA-21 authorization with the following estimated impact:

FY 2001	$3,137,843
FY 2002	$3,461,932
FY 2003	$7,235,534
FY 2004	$7,369,000

MANDATE

.08 Blood Alcohol Content (BAC) Mandate: Under a federal law enacted by Congress in 2000, states that do not adopt a .08 BAC standard for DUI will **lose** a portion (2% increasing to 8%) of their highway construction from IM, NHS & STP Program apportionments each year, beginning in fiscal year 2004. If states enter into compliance by the end of 2007, funds withheld by sanction are restored in the state's apportionment.

The estimated loss of funding for Colorado if .08 BAC legislation is not enacted by 2007 would be:

FY 2004	$4,802,084	(2%)
FY 2005	$9,895,477	(4%)
FY 2006	$14,843,216	(6%)
FY 2007	$19,790,955	(8%)

The sanction will **"restrict"** these amounts for four years respectively, with apportionment only available for three years, thus causing them to lapse and revert to the federal government for redistribution each year from FY2004 on. We do not know at this time, if the new federal reauthorization legislation will extend the mandate and sanction or not, but if so this could continue at 8% or greater for an indefinite period.

TRANSPORTATION SAFETY ADMINISTRATION

This program is funded with federal Section 402 funds and is matched dollar for dollar with State Highway Funds. This program funds the general administration of the Office of Transportation Safety within CDOT as well as the overall management of the various projects within the office. For FY 2004, this program will total $0.5 million matched at a 50% federal and 50% state ratio.

HIGHWAY SAFETY PLAN

This program annually funds approximately 40 joint projects between local agencies and the Office of Transportation Safety, for eight highway safety areas, which include:

- Alcohol/Drugs and Driving
- Occupant Protection
- Police Traffic Services
- Emergency Medical Services
- Traffic Records
- Motorcycle Safety
- Pedestrian and Bicycle Safety
- Roadway Safety

Federal funds for the first seven safety areas come from the National Highway and Traffic Safety Administration (NHTSA) 402 funds. Funds for the Roadway Safety area come from the FHWA 402 program and deal with non-construction safety areas, such as proper traffic signs and signals, traffic engineering and maintenance training. For FY 2004, $1.8 million in federal funds are allocated to this program and are matched on a 75% federal and 25% State or local ratio.

ALCOHOL INCENTIVE GRANT PROGRAM

The program aims to reduce alcohol-related driving and crashes. For FY 2004 this program is funded entirely with federal funds from the 410 Program at $0.8 million.

FATAL ACCIDENT REPORTING SYSTEM (FARS)

The FARS program is 100% federally funded from section 403 funds, and is currently under a three-year cooperative agreement with NHTSA with an option to renew for an additional two years. Funds for this program become available annually on a calendar year basis. For FY 2004, funding is expected to total $.087 million.

PERSISTENT DRUNK DRIVER PREVENTION PROGRAM – Legislatively Appropriated

The Persistent Drunk Driver Program was established pursuant to H.B. 98-1334 to develop methods to deter persons from repeat drinking and driving. The funds for this program are derived from a penalty surcharge of between $25 and $250 imposed by judges upon persons with drunk driving convictions. The fund proceeds are appropriated by the General Assembly to CDOT, the Department of Revenue and the Department of Human Services, for implementation of programs addressing the prevention of repetitive drunk driver offenses. There is a Decision Item requesting $100,000 for funding of this program.

SAFETY - ROADWAY Safety Program

This program identifies roadway improvements to improve decision-making and reaction times of the motoring public. Roadway improvements include such projects as replacement of signs and roadway markings, sight-distance improvements, acceleration/deceleration lanes, intersection improvements, lighting, etc.

Colorado Department of Transportation

FY2004 Safety Program

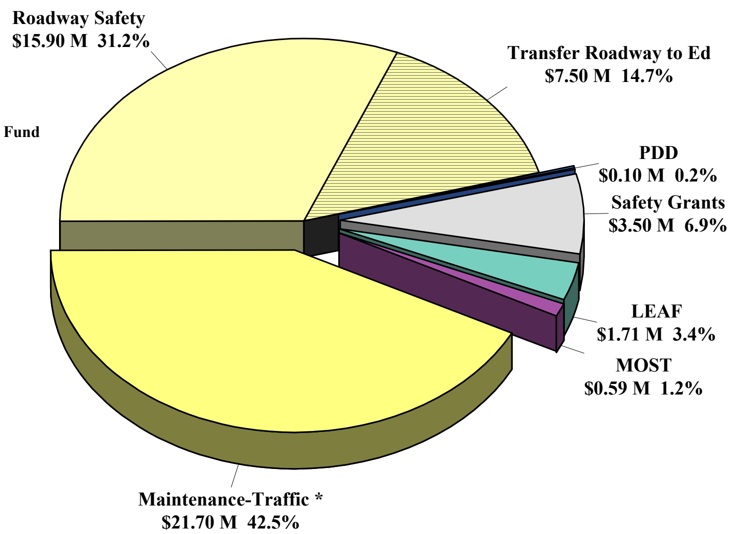
$ 51.0 Million *

Safety Education Programs

PDD - Persistent Drunk Driver Program - ***Legislatively appropriated***

LEAF - Law Enforcement Assistance Fund

MOST - Motorcycle Operator Safety Training Fund



*** $21.7M of Safety Program funds are indicated in the Maintenance Program total .**

MAINTENANCE PROGRAM

Our Maintenance Program protects the significant investment in our current infrastructure. The program is designed to keep the 9,200-mile State highway system open and safe for the traveling public. This involves all activities from the centerline of the highway to the right-of-way fence on both sides of the highway. Examples of highway maintenance activities include: patching by hand or machine, sealing of pavement cracks and joints, seal coating, blading unpaved surfaces and shoulders, cleaning drainage structures, cleaning and shaping ditches, repairing slopes because of washout or erosion, maintaining stream beds, sweeping the road surface, picking up litter and trash, controlling vegetation, maintaining roadway signs and lighting, painting bridges, snow plowing and ice control, removing of snow and sanding, and controlling avalanches. This preservation effort is not only vital to the integrity of the infrastructure; it is an imperative component of highway safety for the traveling public.

While maintenance work by nature is somewhat reactive, CDOT's maintenance personnel strive to provide a consistent level of service to the traveling public that ensures a safe and efficient highway system. For example, when weather deals a challenge, such as in a snowstorm, flood, or avalanche, our Maintenance forces prioritize their objectives and utilize all available resources to address safety and access of the system as quickly as is possible.

In an effort to provide statewide consistency in service, for FY2004, CDOT has continued a Performance Budgeting System for the Maintenance Program. The "Maintenance Levels of Service" (MLOS) system includes an annual physical rating and/or survey to observe results or conditions for approximately fifty activity or system items. The measured items are then categorized into nine "Maintenance Program Areas" (MPAs), which are: planning, scheduling, inspection, and training, roadway surface, roadside facilities, roadside appearance, traffic services, bridge, snow and ice, buildings, grounds, rest areas and equipment, and major tunnels. There are five service levels established for each MPA, with calculations translated to a scale of A through F, with A being the best or highest service level and F being the worst. In order for field staff to properly carry out the Commission's priorities there are definitions and pictures clearly delineating the various levels of effort.

The ratings for each MPA are then applied as the base level to a modeling system that provides costs matrices to identify budget requirements to achieve changes to the target MLOS. This provides the Transportation Commission with the necessary cost/benefit analysis to allow prioritization of level of effort and related funding in all major MPAs. The MPAs are also identifiable in the Department's overall investment categories to allow a link with investment strategies and result oriented allocations.

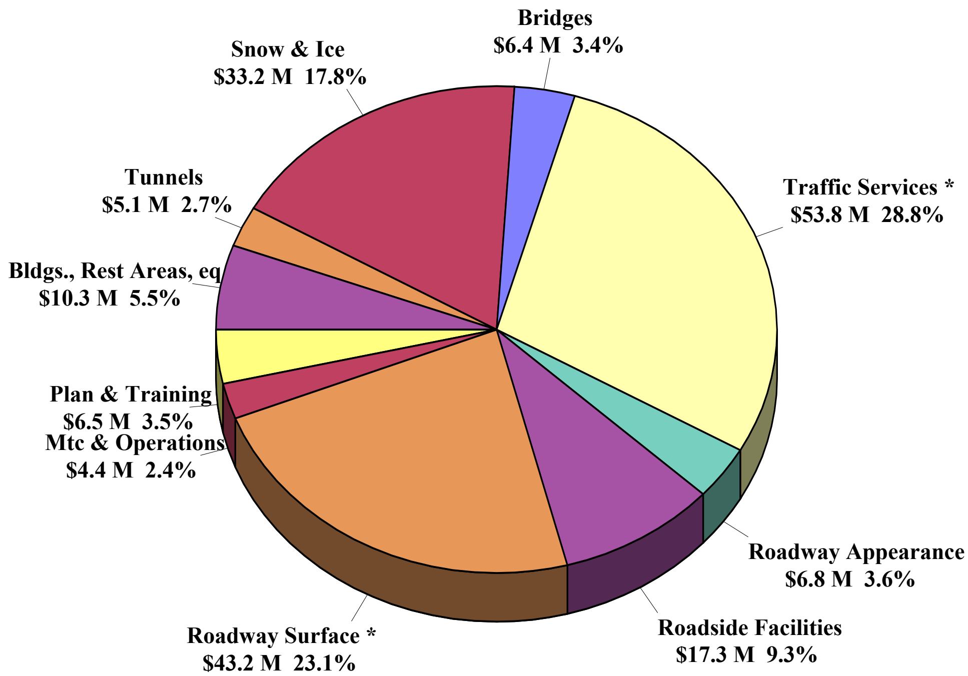
Prior to MLOS results were reported in terms of quantity, as illustrated below, without the results being noted in terms of system quality, mobility or program delivery. During FY 2000 these Transportation Workers:

- Extended the life of highways utilizing 389,000 tons of asphalt and 3.5 million gallons of liquid asphalt in asphalt preservation activities.
- Striped over 36,000 miles of roadway.
- Snowplowed, sanded and/or de-iced Colorado highways traveling 4.4 million miles.
- Picked up 126,000 cubic yards of trash with the help of 20,000 Adopt-A-Highway volunteers.
- Installed, replaced and repaired 87,000 signs and/or posts damaged by accident, vandalism or deterioration.
- Replaced, installed or repaired over 12.9 million linear feet of fencing along right of way.
- Provided over 45,000 hours of traffic surveillance through Colorado's two major vehicular tunnels along the I-70 corridor. This in turn provided quick response to the 420 emergencies that occurred, helping to ensure safe passage for the motoring public.

These activities support the level of service in the MPAs and drive the MLOS rating applied by the system survey. The following chart indicates the investment anticipated in each MPA, in order to achieve the target levels, ranging from A through C, as established by the Commission.

MPA	Current LOS	Projected LOS
Planning & Training	B	B
Road Surface	A-	B+
Roadside Facilities	B+	B
Roadside Appearance	B+	B
Traffic	B	B-
Structures	D+	C-
Snow & Ice Control	B-	B
Equipment, Bldgs., Grounds	C	C+
Tunnels	B-	B
Total Maintenance Program - Statewide	**B**	**B-**

FY 2004 Maintenance - LOS
$187.0 Million*



*** Plan based upon Target Level of Service allocation model, including $22.9 M of Surface Treatment Funds, $21.7M of Safety Funds transferred to Traffic Services, and $0 of Gaming Funds.**

INTELLIGENT TRANSPORTATION SYSTEMS (ITS)

$3.36 million is provided to continue the Revised Model Deployment Initiative (RMDI) work into its second phase of a plan which will design, build, operate, and maintain, and/or finance the implementation of an expanded ITS program. This program will include expansion of the existing ITS infrastructure throughout the state and a management center (CTMC). This is the sixth year of an ongoing item.

Does not include $2.6 M for CDOT Staff and operating costs identified in CDOT Operations in the Engineering Program.

OPERATIONS PROGRAM - CATEGORIES

ADMINISTRATION PROGRAM - *Legislatively Appropriated*

The administrative portion of CDOT as defined by State statute, includes salaries and expenses of the following offices and their staffs: Transportation Commission, executive director, chief engineer, regional directors, budget, internal audit, public information, equal employment, special activities, accounting, administrative services, building operations, management systems, personnel, procurement, insurance, legal, and central data processing (C.R.S. 43-1-113(2)(a)(III)). These organizations are funded from the State Highway Fund (SHF), which is the Departments allocated share of the Highway Users Tax Fund (HUTF), and is classified as Cash Funds Exempt (CFE), with no funds from the State General Fund.

The administrative function includes the oversight of over 1,600 projects, as well as a maintenance program exceeding $186 million. These offices and divisions handle administration and functions such as accounting, budgeting, auditing, personnel, information systems, public relations, facilities management, and printing, among others.

By statute (C.R.S. 43-1-113(6)(a)), the amount budgeted for administration, as defined in statute, in no case shall exceed five percent of the total budget allocation plan. The percentage budgeted for administration in recent years has been FY 1995 - 3.4%; FY 1996 - 3.1%; FY 1997 - 2.8%; FY 1998 - 2.7%; FY 1999 - 2.6%; FY2000 - 2.2%; FY2001 - 2.1%; FY2002 – 2.1%, FY 2003 – 2.8% *(revenue decrease*) and FY 2004 – 2.8%. These percentages include units funded with Internal Cash Funds (ICF), which are not included in the State Highway Fund (SHF) budget figures, (the ICF is funded through payments from operating budgets in other organizations.) The Printing and Visual Communications Center, is the only Administration ICF at $1,316,269 and their 14.0 FTE are part of the 219.7 FTE total for Administration.

Miscellaneous administration expenses appropriated by the General Assembly include Workers' Compensation for the administrative units, part of Statewide Indirect Costs, and general insurance. The State Office of Risk Management in the Department of Personnel/General Support Services determines general insurance, which includes Property and Liability coverage and Workers' Compensation assessments. Statewide Indirect Costs are based upon the Statewide Indirect Cost Plan established by the State Controller's Office. These costs are largely outside of CDOT's control.

PROJECT SUPPORT – Administration – Commission Appropriated

Project Support organizations are assigned for reporting purposes to Department administration units. However, they incur project-related costs, which are eligible to be charged directly to specific projects or indirectly against all projects (based upon the activity or activities benefiting all projects). Project/program support units include the Office of Financial Management & Budget, Information Systems - Network Computing Systems, Equal Opportunity/Business Programs Office, Audit Division, and Legal Services with charges related to projects. In those cases where the specific project has federal funding, part of these direct or indirect project costs are federally funded.

AERONAUTICS PROGRAM - *Legislatively Appropriated*

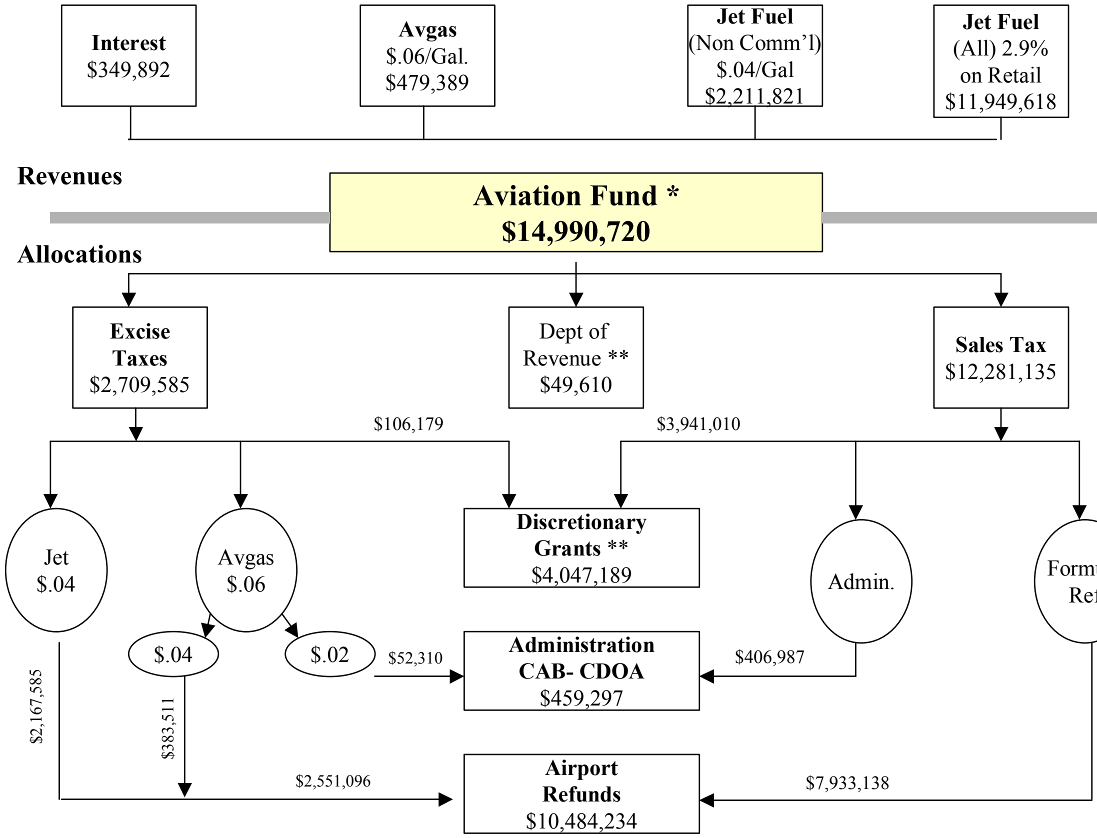
The Division of Aeronautics (DOA) was created by the General Assembly in 1988 and transferred from the Department of Military Affairs to CDOT in 1991, when the Department of Transportation was created. The objectives of the DOA are to set priorities for improving the State's air transportation system; to increase the level of financial assistance to aviation users and providers in the State; to provide technical assistance to airport operators and aviation users who are unable to meet their needs with local resources; to enhance aviation safety through education; and to promote economic development through the development, operation and maintenance of the State aviation system. *(See revenue information on the next page.)*

The DOA operates under the direction of the Colorado Aeronautical Board (CAB), a seven-member body appointed by the Governor and confirmed by the Senate. In addition to other duties, the CAB operates the Discretionary Grant Program, which provides grants to local communities for aviation purposes.

Financial support for the Division of Aeronautics and other aeronautical activities is provided through the State Aviation Fund, which generates revenue through an excise tax on general and non-commercial aviation fuels. Four cents per gallon is collected at the wholesale level on non-commercial jet fuel and six cents per gallon is assessed on aviation gasoline (AvGas) for light single-engine and twin-engine aircraft. All but two cents of this revenue is returned to the airport of origin for airport development. The remaining two cents is placed into the Aviation Fund that is appropriated by the General Assembly for distribution by the CAB mainly to airports for special aviation projects, for grants to, and for the administrative expenses of, the DOA (statutorily capped at five percent of the annual deposits into the Aviation Fund). The three-percent jet fuel sales tax collected on sales of jet fuels to all non-commercial users is similarly dispersed. In addition, the DOA receives some federal funding to perform special projects

The Division of Aeronautics Revenue and Expenditure Chart is on the next page.

FY 2004 Aeronautics Revenues & Allocations



* Does not include $350,000 in federal grants request for FY 2004.
** Revenue allocation is paid from Formula Refunds and is subject to Legislative adjustment.

Aero Revenue-Alloc
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INTERMODAL PROGRAM

This program includes a number of small federal grant programs involving transit and rail planning. The transit programs also disburse federal funds to various communities around Colorado for the purchase of capital equipment such as buses and vans. These funds are identified for CDOT as pass through funds to other governmental units.

USC 49-5311 - Assistance for Non-urbanized Public Transportation

This program is administered by CDOT and provides capital, operating and administrative assistance to organizations that provide public transportation in small urban and rural areas (under 50,000 population). Funds are awarded by CDOT to public and private non-profit transit operators on a competitive, discretionary basis.

USC 49-5310 - Assistance for Transportation of Elderly Persons and Persons with disabilities

This CDOT-administered program provides funds for capital equipment to private non-profit organizations that transport elderly persons and persons with disabilities. Funds can be used in either urbanized or non-urbanized areas. Like the USC 49-5311 program, these funds are awarded by CDOT on a competitive, discretionary basis.

USC 49-5303 & 5313&14 - Transit Planning Assistance

The USC 49-5303 program is appropriated to the state based on a population formula. The state then distributes these funds to the local entities based on a formula that was developed in cooperation with MPOs and approved by the Federal Transit Administration (FTA). The USC 49-5313&14 funds can be used for a variety of non-operating purposes including transit planning, research, training, administration of the USC 49-5303 program, demonstration projects and special studies.

USC 49-5307 - Formula Funding for Urbanized Areas

The FTA USC 49-5307 program offers funds to urbanized areas over 50,000 for capital and operating expenses. Unlike other federal transit programs, USC 49-5307 programs are administered directly by FTA instead of CDOT although states can choose to administer this program.

Large urbanized areas, those with a population over 200,000 (Denver and Colorado Springs), receive funds based on population, population density and transit operating data. Funding for small-urbanized areas is awarded to the state based on population. These funds are available on an 80% federal and 20% local ratio for capital and 50% federal and 50% local ratio for operating expenses.

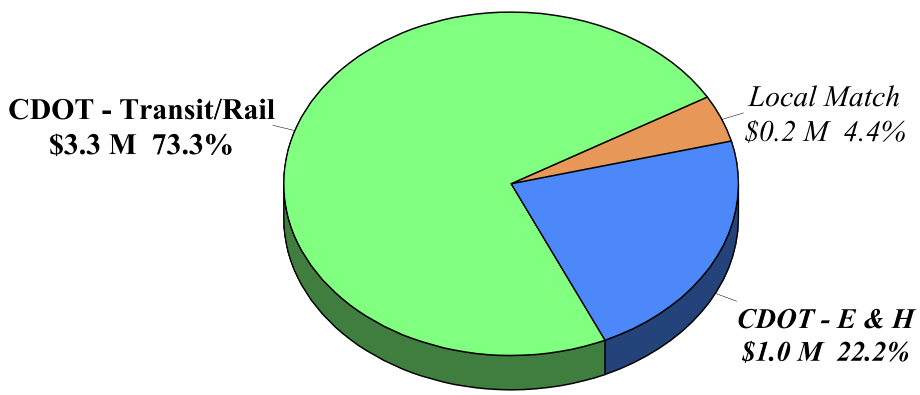
USC 49-5309 - Discretionary Capital Grant Program

The FTA USC 49-5309 Capital Grant program is designed to offer assistance on a discretionary basis for capital equipment and facilities.

Colorado Department of Transportation

FY 2004 INTERMODAL

$ 4.5 Million



ENGINEERING PROGRAM

In FY 1998 the Department implemented "Re-engineering." This entailed the blending of previously separate organizations and tasks. The Department's Regional engineering and project related staff in the traditional "Preconstruction" and "Construction" organizations were combined into "Program Engineer Units" with "Project Teams," responsible for projects from inception to completion. This "complete" project management assures more inclusive and timely involvement by all required staff and task groups.

This Program involves a multitude of activities in preparation for, and construction of, highway projects. Activities include everything from preparing project plans (design work), obtaining rights-of-way, clearing utilities, and obtaining environmental clearances. The project teams now also include the construction phase, including those activities necessary to the actual construction of the highway project and are deemed necessary for federal and State regulatory control.

Some typical construction phase activities include: testing and monitoring the statewide usage of various materials used by construction forces; conducting chemical and physical properties tests and analyses on various materials used in construction; publishing and maintaining policies and procedures necessary to the administration of highway construction contracts; conducting training on policies and procedures; assuring that contracts are awarded to the lowest responsible bidder; supervising construction activities; inspecting construction-related mechanical aspects, etc. In addition the ITS operating unit is now reported as part of the Engineering Program, with the Traffic Operations Center (TOC) reported as a special allocation. This group is developing technological methods for addressing traffic congestion and safety problems throughout the State.

PROGRAM SUPPORT - PLANNING & RESEARCH PROGRAM

This program is responsible for numerous activities involving evaluation of the current condition of the State's highway system and planning and researching future transportation needs in Colorado. Some of these activities include providing an inventory of the system; providing current maps; maintaining records on all public roads; maintaining records on fuel consumption; analyzing traffic data; forecasting traffic demands; and analyzing roadway capacity, truck size and weight data, and hourly traffic distribution. This program includes performance of in-house research related to highway and transportation activities.

The Planning Program includes the **Metropolitan Planning Program** for those areas with a population greater than 50,000 and the Statewide Planning Program. These two programs are primarily responsible for developing and implementing a statewide planning process, which will lead to a long-range multi-modal transportation plan and the transportation improvement programs (TIPs) for each urbanized area as well as a statewide transportation improvement program.

The Research Branch is responsible for investigating transportation problems affecting Colorado and researching possible solutions and then tracking these solutions to determine how effective they were in solving the problem. If a solution is found to be effective, it is shared with cities and counties. In addition, this program is responsible for collecting critical highway data (traffic volumes, vehicle classification, and vehicle size and weight), which is used in the design of highway projects as well as providing project level assistance to the CDOT regions.

The Intermodal area is primarily responsible for expanding the role of alternative modes of transportation. This involves several different areas: awarding Federal Transit Administration grants; assisting transit agencies in promoting their service; serving as a staff resource to the transportation planning regions as it relates to alternative modes; assisting communities in developing local bicycle off and on street facilities; developing mass transit and passenger rail demonstration projects; working with communities on developing tele-commuting facilities; and developing public-private partnerships. In addition, this area is managing several major corridor/major investment studies along the Front Range and SH 82. The last major emphasis area this branch deals with is in the pavement management system, which involves collecting annual pavement condition and forecasting of resource needs.

STATEWIDE SPECIAL ALLOCATIONS

Statewide special allocations are for programs or activities, which have been determined by management and the Transportation Commission to be critical to meeting the needs of the traveling public. These special allocations may reflect the carrying out of Federal or State law or a concern with the long-term needs of the Department. In most cases, these allocations impact the entire Department. These special allocations are described in detail in **Appendix B**.

MISCELLANEOUS PROGRAMS

RAIL BANK PROGRAM – Legislatively Appropriated

The Department of Transportation did not request additional funds for this program in FY2004. The program, when funded, is to purchase railroad right-of-way and properties along specific abandoned transportation corridors pursuant to S.B.97-37.

COUNTIES AND MUNICIPALITIES BRIDGE FUNDS – Legislatively Appropriated

For FY2003 a request was made to the Legislature to provide spending authority in the Long Appropriations Bill for estimated interest on remaining funds in these accounts that sunset (terminated) in FY 1997. We have requested that these program funds be fully distributed in FY 2003, thus there is no request of spending authority in FY 2004.

REGIONAL PROGRAMS

OTHER REGIONAL PRIORITIES

The Department's Other Regional Priorities Program includes such things as reconstruction, restoration and rehabilitation, major widening, minor widening, new construction, roadway improvements, transportation safety management, and operational improvements. These projects, as well as all others, are identified by departmental region, planning region, program and location, in the STIP document.

METROPOLITAN PLANNING PROGRAM

The Planning Program includes the **Metropolitan Planning Program** for those areas with a population greater than 50,000. Administered by the Division of Transportation Development. See page 51 - Planning & Research Section.

ENHANCEMENT PROGRAM

The Enhancement Program is another element of the federal Surface Treatment Program (STP) under TEA-21. This program provides funding to the states according to a formula basis. Each state must set aside 10% of the funds for transportation enhancements. Enhancement funds may be used for only:

-facilities for pedestrians and bicycles;
-acquisition of scenic easements and scenic or historic sites;
-scenic or historic highway programs;
-landscaping and other scenic beautification;
-historic preservation;
-rehabilitation of operation of historic transportation buildings, structures, or facilities;
-preservation of abandoned railway corridors;
-control and removal of outdoor advertising;
-archaeological planning and research;
-mitigation of water pollution due to highway runoff.

The Transportation Commission has determined that distribution of Enhancement funds is to be made to each transportation region. The regional transportation director works with each local entity to determine specific project selection and funding levels.

METRO PROGRAM

Under TEA-21, once the Surface Transportation Program (STP) funds are distributed to the states, each state must divide 50% of the STP funds (after the 10% set-asides for Safety and Enhancements) by population between each of its areas over 200,000 population and the remaining areas of the state. In Colorado, only the Denver, Colorado Springs, and North Front Range urbanized area exceed 200,000 population. Project selection for these funds is made by the MPO in consultation with CDOT.

CONGESTION MITIGATION AND AIR QUALITY PROGRAM

Under ISTEA, and expanded under TEA-21, a program was established called the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. This program is designed to direct funds to transportation projects in Clean Air Act non-attainment areas for ozone and carbon monoxide. Colorado has five non-attainment areas, i.e., Denver, Boulder, Longmont, Colorado Springs, and Fort Collins. Projects under this program must contribute to meeting the attainment of national ambient area-air quality standards. If a State has none of these non-attainment areas or the non-attainment areas reach attainment, these funds may be used for PM10 non-attainment areas. If all attainment standards have been met, these funds may be used as if they were Surface Transportation Program (STP) funds.

The federal funds are apportioned to the states based on weighted non-attainment and maintenance area population. Of the $24.6 million of CMAQ Program for Colorado, $1.0 million has been allocated to rural PM10 non-attainment areas including Pagosa Springs, Telluride, Canon City, Aspen and Steamboat Springs. The remainders of these funds are allocated to the three Metropolitan Planning Organization (MPO) areas (DRCOG, PPACG and NFRT & AQPC) based on the MPO Air Quality Conformity Plans (i.e. DRCOG 76.31%, PPACG 18.13% and NFRT & AQPC 5.56%).

STATEWIDE TOLLING ENTERPRISE

S.B. 02-179 and H.B. 02-1310 (identical bills) were signed by Governor Bill Owens on May 30, 2002, and became law on August 7, 2002. The bills authorized the creation of a Statewide Tolling Enterprise by the Transportation Commission that will operate as a government-owned business within CDOT and as a division of CDOT. The purpose for the creation of the enterprise is to provide for the financing, construction, operation, regulation and maintenance of a statewide system of toll highways.

Under the provisions of the legislation, the Transportation Commission serves as the board of the authority. The Transportation Commission, by resolution, created the Statewide Tolling Enterprise on August 15, 2002. The authority is granted enterprise status as long as the enterprise retains the authority to issue revenue bonds and receives less than 10% of its total annual revenue from grants from the State and local governments.

The legislation created the Statewide Tolling Enterprise Special Revenue Fund for the deposit of tolls and other revenue. The revenue fund is continuously appropriated to the tolling enterprise and may only be used to pay for the administration, planning, financing, construction, operation, maintenance, or repair of toll highways or to pay for its operating costs and expenses. The Transportation Commission, acting as the board, has exclusive authority to budget and approve expenditures from the fund. The Transportation Commission may transfer funds from the State Highway Fund to the operating fund to defray the costs of the enterprise prior to the receipt of toll revenues. As determined by the Transportation Commission, any transferred funds shall be repaid to the State Highway Fund with interest.

The Commission is required to adjust toll rates, upon payment of certain costs and debt, so that the amount of toll revenues to be generated is as close as possible to the amount required for the ongoing operation, maintenance, renewal, and replacement of the toll highway. The legislation specifies the powers and duties of the Commission when acting as the board of the enterprise, including but not limited to, the power to determine and charge tolls, issue revenue bonds payable solely from the special fund, enter into public-private initiatives, and plan, construct, operate, and maintain a system of toll highways in the state.

At its September 2002 meeting, the Transportation Commission and Statewide Tolling Enterprise Board executed a transfer agreement for $1,000,000 of State Highway Funds to establish the Tolling Enterprise Operating Fund to be available for the start-up costs of the enterprise. Funding for future year costs of the enterprise are subject to Transportation Commission action, or Enterprise funding initiatives.

Tolling projects will be identified through the statewide planning process. Environmental work is underway on two likely tolling projects, I-70 and C-470. The total being considered is about $1.0 billion in new capacity projects.

FY 2004 BUDGET ADJUSTMENTS
DECISION ITEMS

Gaming Impacts on State Highways *(State Cash Funds)*

A request for **$1,115,500** from the Limited Gaming Fund to offset major growth in traffic on State highways in the vicinity of the gaming communities of Black Hawk, Central City, Cripple Creek and the Southwest Colorado Indian reservations. This request was made in accordance with S.B. 94-60. CF – **This request was denied by the Legislature**.

Persistent Drunk Driver Prevention Program *(State Cash Funds)*

The Persistent Drunk Driver Program was established to develop methods to deter persons from repeat drinking and driving. The funds for this program are derived from a penalty surcharge imposed by judges upon persons with drunk driving convictions. The fund proceeds are appropriated by the General Assembly to CDOT, the Department of Revenue and the Department of Human Services, for implementation of programs addressing the prevention of repetitive drunk driver offenses. A Decision Item for the CDOT portion of this program is requested to be **$100,000** for FY 2004. CF – **This request was approved by the Legislature**.

Regarding this Legislatively appropriated program, the Transportation Commission has indicated a desire to utilize more of the available funds for media support of a prevention program, or possibly for an alternate means of transportation for potential offenders.

Statewide Decision Items *(Cash Funds Exempt & State Cash Funds)*

Non-prioritized statewide issue: The request was for **$235,000** in the Risk Management allocation for Flood Zone A Insurance coverage. CFE - **This was approved by the Legislature.**

Non-prioritized statewide issue: The request for fleet management payments of **$4,677** for the Division of Aeronautics. CF – **This was approved for $3,672 by the Legislature**.

COLORADO DEPARTMENT OF TRANSPORTATION
FY 2003-2004 BUDGET

APPENDIX A

STRATEGIC 28

MAP

&

PROJECT INFORMATION

MAP

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Status Report

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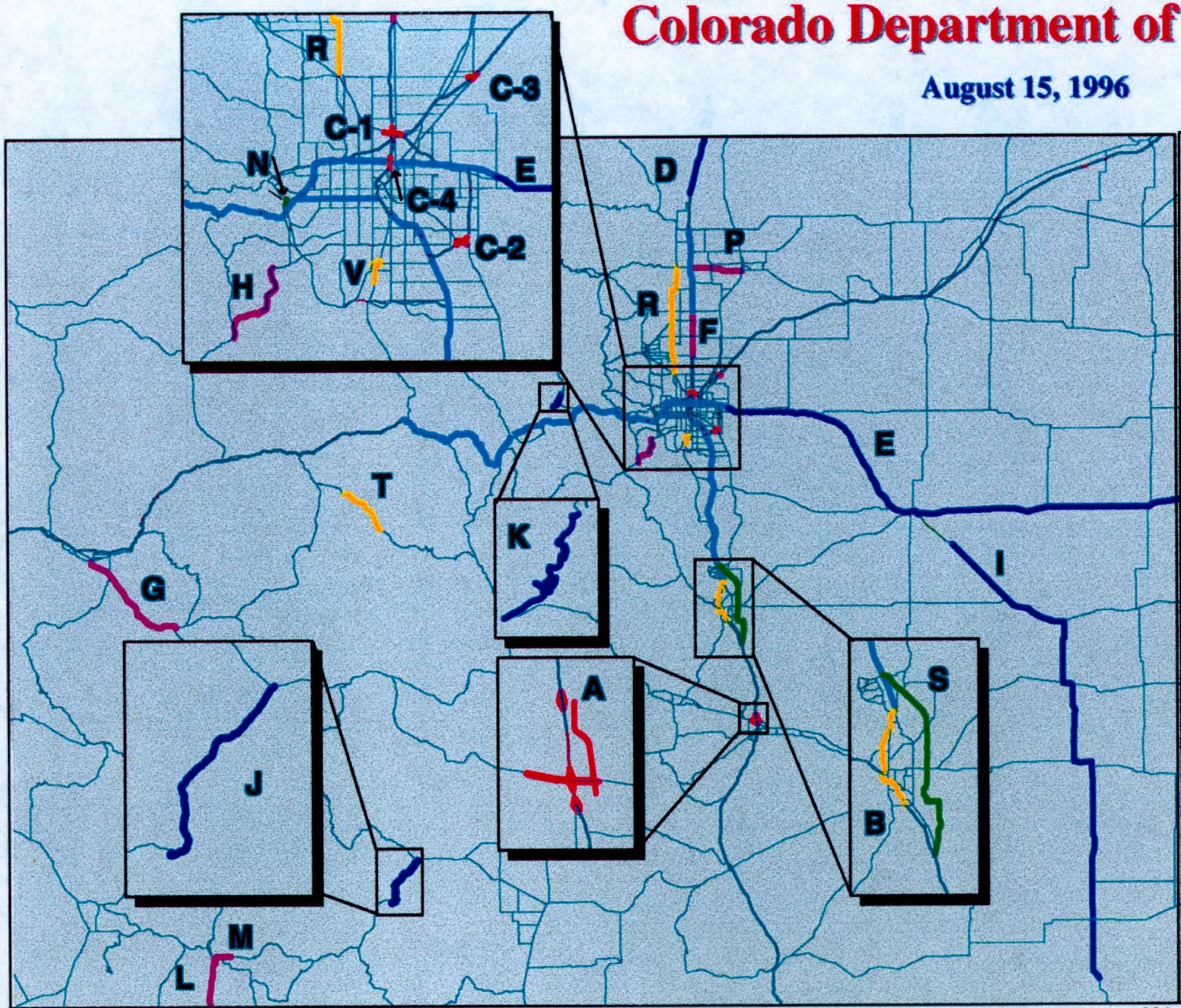
Colorado Department of Transportation

August 15, 1996



Office of Financial Management and Budget
(303) 757-9262

Strategic Project Investment Program

Reconstruction

Interchange Reconstruction

Reconstruction / Widening

Widening

Major Investment Study

New Construction

A: I-25/SH 50/SH 47
B: Colorado Springs I-25
C-1: I-25/US 36/SH 270
C-2: I-225/Parker
C-3: I-76/120th
C-4: I-70/I-25 Mousetrap
D: North I-25 (Owl Cny. Rd. to WY)
E: East I-70
F: North I-25 (SH 7 to SH 66)
G: US 50
H: US 285
I: South US 287
J: Wolf Creek Pass
K: Berthoud Pass
L: SH 550
M: SH 160
N: C-470
P: US 34
R: North US 287
S: Powers Blvd.
T: SH 82
V: Santa Fe Corridor

Major Investment Corridors:
- Southeast (I-25 Broadway to Lincoln Ave.)
- East (Denver to DIA)
- West (US 6, 1-25 to I-70)
- I-70 West (DIA to Eagle County Airport)
- Denver to Colorado Springs (I-25)
- North I-25 (Denver to Ft. Collins)

Status of 7th Pot Projects as of November 20, 2002

Expended	$1,948,653,400
Encumbered	$411,616,271
Corridor Total	**$8,878,716,000**

Project Location ($ in 000's)	Corridor Total Program ($ in 000's)
I-25 / US 50 / SH 47 *	$69,249
I-25, S. Academy to Briargate*	$409,864
I-25 / US 36 / SH 270*	$162,447
I-225 / Parker*	$92,812
I-76 / 120th Ave*	$44,685
I-25 / I-70 (Mousetrap)*	$108,313
I-25, Owl Canyon Rd to Wyoming*	$29,861
I-70, Tower Rd to Kansas*	$132,631
I-25, SH 7 to SH 66*	$91,326
US 50 Grand Junction to Delta*	$85,185
US 285, Goddard Ranch Ct to Foxton Rd*	$66,059
US 287, Kiowa County to Oklahoma*	$237,018
US 160, Wolf Creek Pass*	$85,497
US 40, Berthoud Pass*	$86,665
US 550, Durango to New Mexico State Line*	$58,170
US 160, Jct SH 3 E. to Florida River*	$72,945
C-470 Extension*	$18,810
US 34, I-24 to US 85*	$15,761
US 287, Broomfield to Loveland*	$105,201
Powers Blvd in Colorado Springs*	$355,334
SH 82, Basalt to Aspen*	$209,035
Santa Fe Corridor in Denver*	$15,641
Southeast Corridor (I-25, Broadway to Lincoln)*	$794,996
East Corridor + West Corridor*	$562,705
I-70 West Corridor (DIA to Eagle Cnty Airport))*	$3,658,777
Denver to Colorado Springs (I-25)*	$603,811
North I-25 Corridor (SH 66 to Ft Collins)*	$690,379
Trans Bond Inv. Banker / Counsel / Dbt Serv	$15,539
Statewide Total	**$8,878,716**

*** These Corridors have had prior year Non-Strategic Program funding and accomplishments which are not reflected in these percentage calculations.**

7th Pot Projects
Appendix A

Projects Already or Nearly Complete:

I-25/US 50/SH 47 Interchange

I-25, Owl Canyon Rd. to Wyoming

C-470 Extension

US 34, I-25 to US 85

Santa Fe Corridor Light Rail (Service Started Summer 2000)

Interstate 76/120th Avenue

I-70/I-25 Mousetrap Reconstruction

US 285 – Goddard Ranch Court to Foxton Road

State Highway 82 – Basalt to Aspen

I-225 and Parker Road (State Highway 83)

I-70 East Tower Road to Kansas

I-25 North-State Highway 7 to State Highway 66

US 287 – Broomfield to Loveland

Remaining Project Descriptions:

I–25 - Through Colorado Springs
This project consists of safety and capacity improvements from South Academy Boulevard to Briargate Parkway. Numerous interchanges require reconstruction and are important safety projects. Reconstruction of these congested interchanges will significantly help traffic operations on I-25.

I-25/US 36/-270
This project is located in Denver between Lowell Boulevard and I-270 and I-76 interchanges. It consists of capacity improvements, highway and interchange reconstruction, extends westbound I-270 from I-76 to US 36 and extends eastbound I-270 from I-25 to I-76. It also includes the construction of Direct Connect HOV lanes to US 36 from northbound I-25 and opens the Bus/HOV lanes in US 36 west of Federal to Lowell.

US 50- Grand Junction to Delta
This project consists of widening from 2 to 4 lanes, 34 miles of US 50 from Grand Junction in Mesa County to Delta in Delta County. The widening is needed for traffic and safety improvements.

US 287 – Hugo to the Cheyenne/Kiowa County Line
This project consists of resurfacing 82.7 miles of US 287 with concrete. This stretch of highway has over 65% truck traffic and asphalt overlays have not held up to traffic conditions, so concrete is being used.

US 287 –Campo to the North Kiowa County Line
This project consists of resurfacing 82.7 miles of US 287 with concrete. This stretch of highway has heavy truck traffic and asphalt overlays have not held up to traffic conditions, so concrete is being used.

US 160 – Wolf Creek Pass
This project consists of reconstruction and safety improvements of Wolf Creek Pass on US 160 located in Mineral County. A high mountain pass, the project construction including tunnel work will allow full, safe and effective use of the roadway.

US 40 – Berthoud Pass and in Winter Park
This project consists of safety improvements and erosion control from the town of Winter Park in Grand County to the junction of US 40 and I-70 past Empire. The west side of Berthoud Pass, a high mountain pass, has significant erosion problems which effect safety and water quality, which will be addressed by the project. Other safety improvements include widening and climbing lanes to help alleviate congestion.

US 550 – New Mexico State Line to Durango
This project consists of reconstruction and widening of US 550 from the New Mexico State line to US 160 at Durango. Significant realignment, reconstruction, safety and capacity improvements will be made to this 16-mile stretch of roadway.

US 160 – State Highway 3 to the Florida River
This project consists of reconstruction and widening of US 160 at the junction of State Highway 3 in La Plata County near Durango to the Florida River. Portions of the highway will be widened from 2 to 4 lanes; because of existing residences and businesses frontage systems will also be needed for the project. The project will address congestion and the high accident rate, twice the state average on the roadway.

Powers Boulevard – Colorado Springs

This project consists of a new roadway and interchange construction and widening. Located in Colorado Springs and El Paso County a new roadway extension will be constructed between Woodman Road and State Highway 83. Interchanges will be constructed at Woodman Road and Platte Avenue and a new roadway extension and widening to connect Fountain to I-25. El Paso County is projected to be the largest county in Colorado by 2000 and these improvements to Powers Boulevard are important for congestion and safety. Additional funding in the future will be needed to complete Powers Boulevard as a limited-access freeway.

Southeast Corridor – I-25 and I-225

The Southeast Corridor project is a multi-modal project and it is a joint effort between the Colorado Department of Transportation and the Regional Transportation District. A significant economy of scale is achieved by the linking of the projects. The highway portion of the project includes reconstruction and widening of 14 miles of I-25 and 4 miles of I-225. This is one additional highway lane in each direction from Broadway to I-225 with two additional lanes running in each direction on I-25 from I-225 to C-470. The improvements are expected to relieve congestion and improve commuter time between the Denver Central Business District and the Southeast Business District the most highly traveled corridor in Colorado and in conjunction with light rail improve air quality.

I-70 West – Denver to Eagle County

The I-70 to Eagle County corridor is 150 miles long, passes through several of the major Colorado ski areas and is the major access way for others. It is highly congested especially during peak periods. A Programmatic Environmental Impact Statement is currently underway which will be used to determine what improvements will be made to the I-70 West corridor and which projects will have the highest priority.

I-25 South Castle Rock to Lincoln Avenue

This project consists of capacity improvements, interchange reconstruction and overpass construction on I-25 South in Douglas County from the town of Castle Rock to Lincoln Avenue in the Southeast Business District. An additional highway lane will be added in each direction from Lincoln Avenue to Founder/Meadows Parkway a distance of approximately 8.7 miles. Congestion relief and safety will result from this project.

I-25 South – Monument to South Academy Boulevard

This project consists of various safety and capacity improvements in this 25.5-mile section between State Highway 105 at Monument to South Academy Boulevard in Colorado Springs.

I-25 North Denver to Fort Collins

This project is for capacity improvements in this 55-mile corridor between the cities of Denver and Fort Collins. 14 miles will be widened from 4 to 6 lanes between State Highway 7 and State Highway 66. Completion dates of the segments vary. Specific improvements will be outlined at the conclusion of the Major Investment Study of this corridor.

East & West Corridor MIS's

These Major Investment Study projects will provide light rail alternatives for commuters and travelers in the Denver area. One segment will connect Downtown Denver to DIA, and the other will connect Downtown Denver to the Cold Spring Park-and-Ride in Jefferson County. These projects will relieve congestion and reduce pollution in the Denver area. Neither project is expected to begin before FY 2020.

COLORADO DEPARTMENT OF TRANSPORTATION
FY 2003-2004 BUDGET

APPENDIX B

STATEWIDE SPECIAL ALLOCATIONS

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STATEWIDE SPECIAL ALLOCATIONS

Statewide special allocations are for programs or activities, which have been determined by management and the Transportation Commission to be critical to meeting the needs of the traveling public. These special allocations may reflect the carrying out of Federal or State law or a concern with the long-term needs of the Department. In most cases, these allocations impact the entire Department. These special allocations are described in more detail below.

HAZARDOUS MATERIALS REMEDIATION

The Hazardous Materials Clean-up Program is an ongoing operation to test and remediate (remove and clean up) underground storage tanks and MTL contamination on CDOT property throughout the State. This is being done to comply with federal and State environmental laws. The underground fuel tank remediation is now mostly reimbursable from an external health agency fund.

This program is necessary to comply with State and federal law. For FY 2004, the total program funding is **$2,350,000**.

DISADVANTAGED BUSINESS ENTERPRISES (DBE) CERTIFICATION

Colorado businesses, which are owned by minorities or females, may be certified to do business with CDOT upon a successful review and investigation, by the Department of Regulatory Agencies (DORA). CDOT has budgeted **$215,000** of federal funds for a contract with DORA to do these investigations and certify that only legitimate DBE businesses are participating in the Department of Transportation's DBE Program.

STRATEGIC HIGHWAY RESEARCH PROGRAM

The Strategic Highway Research Program (SHRP) is a national program, which is designed to study long-term pavement performance and the factors that affect pavement life. Colorado participates in this program and has allocated **$50,000** of federal funds for the program in FY 2004.

WORKERS' COMPENSATION INSURANCE

The State Office of Risk Management in the Department of Personnel and General Support Services, annually assesses each department an amount for Workers' Compensation. This figure is based upon the agency's loss record. The agency's loss record is then pooled with all other State agencies to share the State's overall experience, spread the cost, and protects all agencies against catastrophic cost increases. FY 2004, CDOT is being assessed $3,037,909 of which $30,276 is paid from Administration and $594 is paid by Aeronautics, leaving **$3,007,039** funded here.

GAMING ALLOCATIONS

The Department of Transportation requested, an appropriation of **$1,115,500** from the General Fund retention (the 50% portion of the Limited Gaming Fund transferred to the General Fund per S.B.94-60) to handle the construction and maintenance needs associated with the increased traffic on State highways in the vicinity of the gaming communities. **$913,000** of the Gaming funds was to be allocated to the Maintenance program and **$202,500** for Rock Fall mitigation, however, this was **denied by the Legislature, thus allocating $0 for FY2004.**

DIVISION OF PARKS – *COLORADO DEPARTMENT OF NATURAL RESOURCES*

By statute (CRS 33-30-110(4)), the Division of Parks and Outdoor Recreation (DPOR), in the Colorado Department of Natural Resources, is permitted to request funding from the State's portion of the HUTF for road maintenance and construction in State Parks and Recreation Areas. DPOR has requested **$300,000** for this purpose in FY 2004.

ADDITIONAL SPECIFIC ALLOCATIONS

Additional specific allocations include:
- Commercial Drivers License (CDL) Drug & Alcohol Testing at **$75,000**;
- Traffic Data Collection Enhancement at **$534,200**;
- National Pollutant Discharge Elimination System program (NPDES) at **$918,000**;
- Workplace Violence Program at **$50,000**;
- Employment Candidate Recruitment at **$72,000**;
- Black Gore Creek – environmental remediation (50% match) at **$50,000**.

TRANSPORTATION COMMISSION CONTINGENCY FUND

The Transportation Commission annually budgets an amount to handle emergencies or contingencies, which may impact the State highway system or the Department's operations. These funds are budgeted in a separate line so that funding will not have to be cut from other budgeted programs in the event of an emergency or contingency.

The contingency is dependent upon revenues received, but is currently budgeted for an estimated **$7,795,392** in FY 2004.

Examples of recent contingency fund utilization include emergency repairs for bridges and roadways in response to flooding, rockslides and mudslides. These funds are also used to provide adequate maintenance budget for other emergencies or weather related issues, which cannot be projected.

SPECIAL ALLOCATIONS - EQUIPMENT PROGRAM

Equipment funding is set by the Transportation Commission and is based upon available funds and recommendations from executive management. Each organizational unit within CDOT may submit requests for new or replacement equipment, including office and research equipment, but the Computer and Road equipment budgets are based on approved plans. The base amounts were increased 3.0% for inflation.

Computer equipment is funded at **$2,974,084** for FY2004 in support of the statewide, prioritized, multi-year, and computer equipment migration plan. The plan is currently in review to assure prioritization and need.

Road equipment is funded at **$15,222,076** for FY2004 in support of the statewide, prioritized, multi-year road equipment plan for vehicles over ¾ ton and various heavy road equipment. This allocation also allows for the return of $3.3 million borrowed from the Rest Area Program in FY 2003 in order to meet certain immediate needs.

Other non-computer/non-road equipment is funded at a continuation level of **$357,431**.

SPECIAL ALLOCATIONS – FACILITIES / PROPERTY PROGRAM

CDOT annually requests an appropriation from the Transportation Commission to purchase land, to construct buildings, and to do controlled maintenance on Department-owned land and buildings. The purchase of land and buildings is for Department operations such as office buildings, maintenance barns, sand storage sheds, and other department operations.

The Department has received the results of a complete property study including inventory, condition and needs analysis, and has determined that the needs greatly outweigh current financial resources. The FY 2004 allocation is **$7,046,568**.

Property funds requested are reviewed against the study/plan and prioritized by the Department's Property Committee against available funds. The Property Committee then submits a list of recommended projects to the Transportation Commission. The Transportation Commission may approve, reject, or modify the requested amount. The amount proposed for the FY 2004 budget is as follows:

- **Property** for controlled maintenance (minor improvements $2,109,440) and deferred maintenance (corrective and substantial $1,561,030) = **$3,670,470**
- **Capital Property Plan** proposed July 2001 (continuation portion only) = **$2,800,000**
- **Rental space at the Empire Park** office complex in Denver = **$576,099**