COLORADO DEPARTMENT OF TRANSPORTATION

CDOT Employee Memorial
"In Memory and Honor of Those Who Made the Ultimate Sacrifice"

Colorado Department of Transportation, Headquarters
4201 E. Arkansas Avenue
Denver, CO 80222

BUDGET

FOR

FISCAL YEAR 2008-09

Governor Bill Ritter

April 17, 2008

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COLORADO DEPARTMENT OF TRANSPORTATION

PROPOSED BUDGET
FOR FISCAL YEAR 2008-2009

GOVERNOR BILL RITTER

RUSSELL GEORGE, Executive Director

TRANSPORTATION COMMISSION

DOUG ADEN, Chairman, Grand Junction, District 7

BILL KAUFMAN, Vice-Chairman, Loveland, District 5

HENRY SOBANET, Denver, District 1

JEANNE ERICKSON, Evergreen, District 2

GREGORY B. MCKNIGHT, Greenwood Village, District 3

HEATHER BARRY, Westminster, District 4

GEORGE KRAWZOFF, Steamboat Springs, District 6

STEVE PARKER, Durango, District 8

LES GRUEN, Colorado Springs, District 9

GEORGE H. TEMPEL, Wiley, District 10

KIMBRA L. KILLIN, Holyoke, District 11

STACEY STEGMAN, Secretary

Per the attached Resolution TC-1608 the Transportation Commission presents the Budget for the period July 1, 2008 through June 30, 2009 for approval by the Governor.

Approved: Bill Ritter Jr.

Date: June 27, 2008 at 3:00 p.m.

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

RESOLUTION FOR THE FY 2008-2009 BUDGET

RES. NO. TC- 1608

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, 2008 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 2009.

WHEREAS, a workshop was held with the Transportation Commission on April 16, 2008 where significant reductions were required to programs due to reduced forecasted revenues for both the federal and state funds.

NOW THEREFORE BE IT RESOLVED, that the staff will incorporate the attached information regarding program reductions into the final budget for the period of July 1, 2008 through June 30, 2009 and forward to the Governor for action.

COLORADO DEPARTMENT OF TRANSPORTATION
FISCAL YEAR 2008-09 BUDGET

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COLORADO TOLLING ENTERPRISE BOARD

STEVE PARKER, Chairman, Durango, District 8

GREGORY B. MCKNIGHT, Vice-Chairman, Greenwood Village, District 3

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MARGARET "PEGGY" CATLIN, Enterprise Acting Director

STACEY STEGMAN, Secretary

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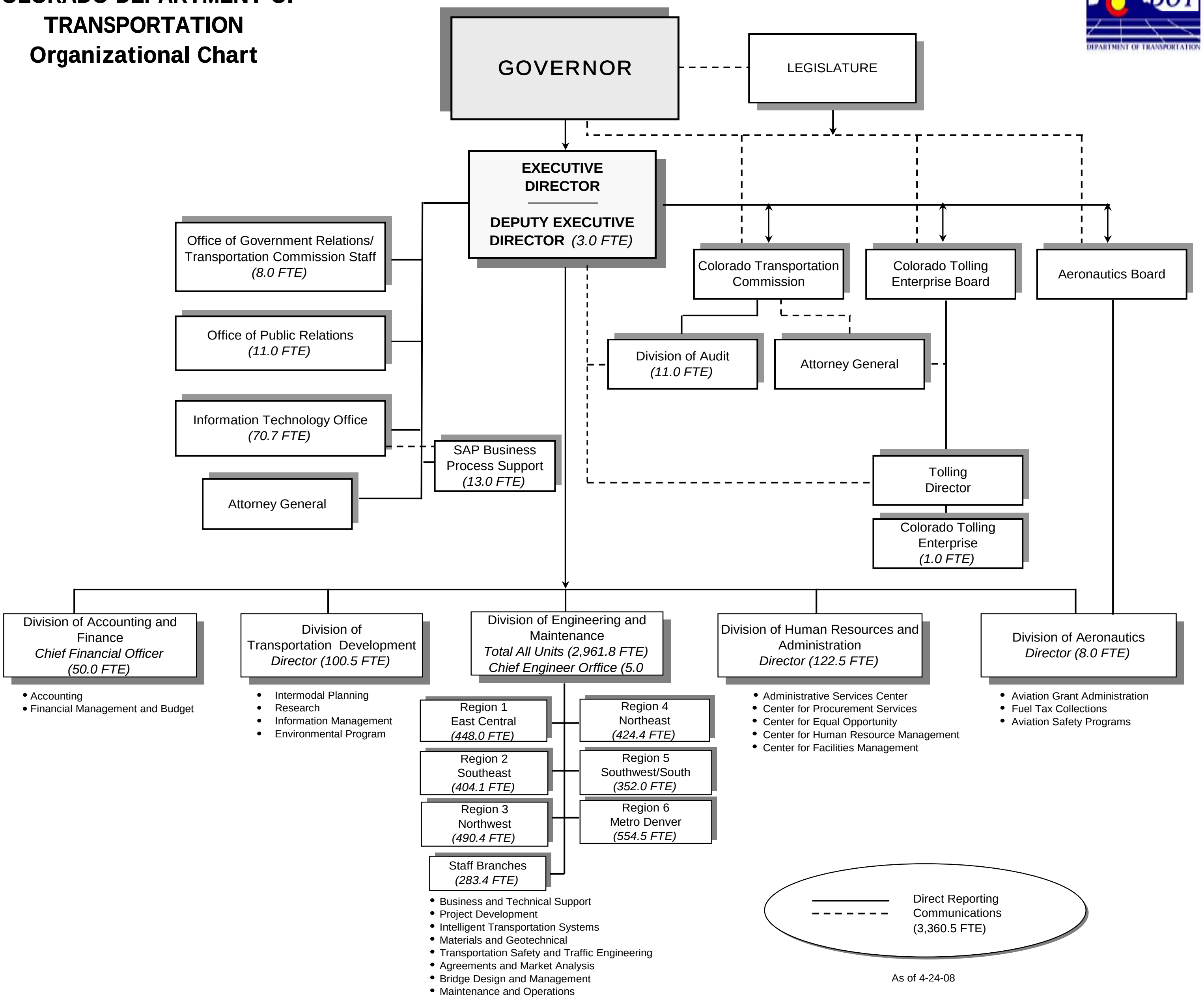
JOSEPH THIBODEAU, Pilot Organizations Representative

DAVE UBELL, Western Slope Governments Representative

DEBRA WILCOX, Aviation Interests at Large

COLORADO DEPARTMENT OF TRANSPORTATION
Organizational Chart



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.

VALUES

The Values that will guide the Colorado Department of Transportation and its employees are:

SAFETY - We work and live safely!

We protect human life, preserve property, and put employee safety before production.

INTEGRITY - We earn Colorado's trust!

We are honest and responsible in all that we do and hold ourselves to the highest moral and ethical standards.

PEOPLE – We value our employees!

We acknowledge and recognize the skills and abilities of our coworkers, place a high priority on employee safety, and draw strength from our diversity and commitment to equal opportunity.

CUSTOMER SERVICE – We satisfy our customers!

With a can-do attitude we work together and with others to respond effectively to our customer's needs.

EXCELLENCE – We are committed to quality!

We are leaders and problem solvers, continuously improving our products and services in support of our commitment to provide the best transportation systems for Colorado.

RESPECT – We respect each other!

We are kind and civil with everyone, and we act with courage and humility.

OVERVIEW

The Transportation Commission (TC) has approved a total allocation of $997.5 million for FY 2009, comprised of two appropriated line items and two non-appropriated line items. The proposed FY 2009 appropriated budget request to the General Assembly of $37.5 million relates to two Long Bill groups or divisions; Administration and the Limited Gaming Funds. None of the appropriation for Administration is from the State General Fund (GF). The sources are State Highway Fund (SHF), Gaming Fund or Reappropriated Funds (RF).

The Department has two non-appropriated line items in the annual Long Appropriations Bill that are the responsibility of the Transportation Commission. These are provided for informational purposes only and consist of federal, cash, and reappropriated funds. One line is Construction, Maintenance and Operations (CM&O) for $957.4 million. The next is for the Colorado Tolling Enterprise (CTE) at $2.56 million of CF. It should be noted that Long Bill (H.B.08-1375) denotes $1,259.7 million for CM&O because the bill was drafted based upon prior revenue estimates and the budget was approved by the TC on April 17, 2008.

Funding for both the appropriated and the non-appropriated portions of the Department's budget consists of 66.2% CF or RF, and 33.8% federal funds (FF). The major source of cash funds is the Department's share of motor fuel taxes and vehicle registration fees credited to the Highway Users Tax Fund (HUTF). The portion of the HUTF credited to the State Highway Fund (SHF) from these sources is projected to total $414.3 million in FY 2009. The State Constitution mandates the use of these funds solely for the "construction, maintenance, and supervision of the public highways of this state."

There is also a transfer of funds that are initially part of the State General Fund (GF) included in the budget. This portion of the budget derives from transfer formulae set in statute through two acts of the Legislature. These GF moneys are deposited in the HUTF for subsequent transfer to the SHF, and thus become cash funds to the department. However, these funds are not subject to the constitutional "highways" restrictions. As a portion of department revenues, the GF transfer amounts to 19.6% of the 66.2% CF or 13.0% of total revenue. A detailed explanation of the GF transfers is provided on page 17.

FY 2008-2009 PROPOSED BUDGET

The Department of Transportation's total budget, as based on the latest revenue projections for FY 2009 totals $997,464,042 with a staffing level of 3,359.5 full time equivalent (FTE) positions, plus 1.0 FTE within the Colorado Tolling Enterprise (CTE). This total includes three approved legislative Decision Items which requested 6.5 positions in the Administration line.

Federal law, State statute, and the State Constitution restrict how the Department can use revenues derived from various funding sources. The large majority of the Department's budget appropriation is allocated and directed primarily by the eleven-member Transportation Commission. The Department of Transportation's Administration and Gaming Funds are appropriated by the State legislature. These items generate a FY 2009 appropriated budget of $37.5 million, including Gaming Funds of $10.1 million requested in a Decision Item approved by the General Assembly.

The Commission utilizes a resource allocation system of program budget development linked to the four major investment categories listed here and as described in detail in Appendix C.

Investment Categories:
- Safety
- System Quality
- Mobility
- Program Delivery

The investment category budget and program implementation are detailed in the following pages. The available funds are allocated according to priorities and performance targets and outcomes are reported utilizing the department's Performance Measurement and Reporting system. The Maintenance Program budget further allocates resources to work activity Maintenance Program Area (MPA's) in 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. This information is reported using an annual performance grading and reporting system.

RESOURCE ALLOCATION

Resource Allocation is a collaborative process by which reasonably expected resources are allocated to various CDOT programs and then specified distributions are made to the six CDOT Engineering Regions. This allocation process allows CDOT to comply with the requirement that the Statewide Transportation Improvement Program (STIP) and the Long-range Transportation Plan (LRP) be fiscally constrained. The geographical distributions are called "control totals." On December 14, 2006, the Colorado Transportation Commission adopted the 2035 Resource Allocation Control Totals.

In order to facilitate a cooperative effort among planning partners, CDOT consulted with the Resource Allocation staff and policy committees for recommendations to the Colorado Transportation Commission (TC). These committees included members of the TC, Statewide Transportation Advisory Committee (STAC) and CDOT Executive Management Team (EMT). The key discussions in the Resource Allocation committees were on the topics of revenue shortfall, fair share, and federal earmarks.

Because of the shortfall in revenues available for transportation relative to system wide needs, the committees directed the CDOT Office of Financial Management and Budget to provide several funding scenarios for their consideration.

Unlike past Resource Allocations the "fair share" question was not a major issue. Initially, a significant discussion surrounding the "fair share" issue was held on whether regional distributions should be made using geographical driven formulas or performance based systems. Ultimately, the committees agreed that, given the current funding outlook, discussion on this issue is largely irrelevant.

The committees recognize that earmarking of federal funds most probably will continue into the future. This Resource Allocation has provided a ten percent set aside of federal funds each year between fiscal years 2008 and 2015 and a five percent set aside in each year thereafter.

These set asides are included in the plan under the Regional Priority Program (RPP) and Earmark Contingency for planning purposes.

Total allocations over the 28-year planning period are projected to be $29.7 billion in 2008 dollar amounts. The total estimate was allocated in the following manner: System Quality investment category, $8.4 billion; Mobility investment category, $4.7 billion; Safety investment category, $2.9 billion; Program Delivery investment category, $4.5 billion; other investment programs, $3.7 billion.

SALARY AND BENEFITS

The FY 2009 salary survey request used the specified rates for each primary classification category as determined by the annual survey performed by the Department of Personnel and Administration. The performance based pay request was based upon the Office of State Planning & Budgeting's (OSPB) approved formula for distribution based on performance ratings. The State contribution for employee health insurance was also increased per the State Personnel Director's recommended rate adjustments. The PERA rate of 10.15% was unchanged for FY 2009. There is however, an additional contribution of 1.6% (blended rate) to PERA for the Amortization Equalization Distribution (AED). All adjustments for FY 2009 were set by the General Assembly at the initial August rate requests.

INFLATION - Operations

For FY 2009, the OSPB provided inflation factor for ongoing governmental operations is 0.0%, with some adjustments for interagency payments for leased space and common policy allocations for the legislatively appropriated programs.

The Department also utilizes inflation rates provided by the OSPB in the development of the budget request for areas other than construction and maintenance. It also may make other adjustments as funding and related workflow dictate. Through Resource Allocation the Transportation Commission has added approximately 1.1% for operating in the Maintenance program, and 2.5-3.0% for Equipment and the statewide Property program to prevent further deterioration in these essential program areas. Furthermore, the Construction Program allocations relate to the Construction Cost Index, rather than a set factor, as each project's cost is variable and subject to a bid process.

FTE LIMITATION

Senate Bill 07-095 repealed Section 43-1-113 (4) C.R.S. (2007), that limited the Department of Transportation to a maximum of number of 3,316.0 full-time equivalent positions (FTEs). The Transportation Commission has approved 3,359.5 FTEs; of which 226.2 are legislatively appropriated (6.5 of these were in Decision Items) and 3,133.3 are Commission appropriated. There is an additional 1.0 FTE within the Colorado Tolling Enterprise (CTE).

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 and Administration:

Divisions of Accounts and Control, and Telecommunications, and others. The Statewide Indirect payment is allocated between the Administration and Construction & Maintenance programs.

Numerous additional non-discretionary charges are received for services provided to the department by other agencies. Some are charge all or partially to Administration, but most of these charges are billed directly to the Construction and Maintenance Programs allocated by the Transportation Commission. These include, but are not limited to: Multi Use Network (MNT) charges for communication services, Workers' Compensation Insurance, and Digital Trunk Radio (DTR) charges.

APPROVED DECISION ITEMS – *Legislatively Appropriated*

GAMING FUNDS – Cash Funds (CF)
The department requested $10,127,274, with $8,956,247 for various Construction projects, $222,750 for Rock-fall remediation, and $948,277 from the Limited Gaming Fund for maintenance to offset major growth in traffic on State highways in the vicinity of the gaming communities of Black Hawk, Central City, and Cripple Creek. This request was made in accordance with Section 12-47.1-701(1)(c)(I), C.R.S. (2007).

UTILITIES – CF - State Highway Fund (SHF)
The department requested $225,000 SHF to cover increased utility expenses at its headquarters complex, which have risen by approximately 50% over the past five years.

PRINTING AND VISUAL COMMUNICATIONS – Internal Cash Fund (ICF) – Reappropriated Funds – (RF)
The department requested $100,000 additional internal cash fund spending authority for its Center for Printing and Visual Communications (Print Shop). This increase boosts the Print Shop's spending authority to $802,090, a level that accommodates current demand from customers within CDOT and at other State agencies. This increase is reflected in the letter note to the administration line, and does not require the expenditure of any additional funds.

HUMAN RESOURCES - 2.0 FTE – SHF - CF
The department requested $143,807 State highway funds (cash funds) and 2.0 FTE in FY 2008-09, and $137,467 and 2.0 FTE in FY 2009-10 and beyond to achieve the department's recruitment and retention goals. These two additional human resource professionals will work with five existing professionals on staff recruitment and selection to reduce the department's backlog of vacancies and expedite the process of posting and filling vacancies. This will help the department respond to an annual separation rate that has risen from 7.5% to 12% over the past five years. Aggravating the problem is an anticipated additional increase in turnover levels as the department's work force ages; particularly as professional engineers and transportation maintenance workers retire.

LEARNING DEVELOPMENT & SUPPORT - 2.5 FTE – SHF - CF
The department requested $315,965 State highway funds (cash funds) and 2.5 FTE in FY 2008-09 and $183,102 and 2.5 FTE in FY 2009-10 and beyond to align all departmental training with its mission and strategic plan. To better coordinate and improve this process, the Office of Organizational Learning and Development intends to create a dedicated unit through which all department training activities are professionally designed, developed, and implemented.

Improving the quality of training will improve employee productivity, enhance morale and, most importantly, prepare the existing work force to fill the vacancies expected retirements will create over the coming years.

STATE FLEET VEHICLE MAINTENANCE - 2.0 FTE - Internal Cash Fund (ICF) – Reappropriated Funds – RF
To service non-CDOT operated State fleet vehicles currently serviced at private garages. The State Fleet Program presently outsources fleet vehicle repairs.

APPROVED DECISION ITEMS – *Transportation Commission Appropriated*

INTELLEGENT TRANSPORTATION SYSTEMS – CF - State Highway Fund (SHF)
$1.2 million to support an interagency agreement with the Department of Revenue Ports of Entry Division, to maintain the surface condition for Weigh-In-Motion scales and loops that assist in the collection of fees from heavy vehicles.

MAINTENANCE LEVELS OF SERVICE – SNOW & ICE MPA – SHF - CF
Increase of $5.8 million for maintenance section snow operations and $1.2 million for magnesium chloride tanks and other equipment for snow control vehicles.

MAINTENANCE LEVELS OF SERVICE – ROADSIDE FACILITIES – SHF - CF
Increase of $0.8 million to address environmental issues for roadway and roadside features after completion of construction projects.

OTHER EQUIPMENT – SHF - CF
An additional $0.160 million of equipment funds for an X-ray Spectrometer device for the testing of content and quality of various construction materials.

WATER QUALITY PROJECT – 8.0 FTE - SHF – CF
To continue the FY 2008 program funding level of $1.174 million, and $0.507 million for required program enhancement (SHF) to meet CO Dept. of Health and EPA requirements, plus $0.132 million for the addition of 2.0 FTE in support of the Water Quality program. There were also 6.0 FTE added in Region Support/Environmental units, with 1.0 FTE funded with Indirects for each Region to provide regional and local assistance, and training for water issues.

ENTERPRISE RESOURCE PLANNING (ERP) – Indirect Spending Authority – CF
Indirect Project (IND) funding level of $9.99 million for implementation, licenses, consultants, equipment, staff and operation of the department's ERP computing system.

MECHANISTIC-EMPIRICAL PAVEMENT DESIGN GUIDE (MEPDG)
CDOT can benefit greatly from the implementation of the Mechanistic-Empirical Pavement Design Guide (MEPDG). Based on information from a National Cooperative Highway Research Project (NCHRP), the annual savings to the Department by utilizing the improved pavement design and reduced premature roadway failure is estimated to be $14.4 million. Request is for $410,000 for Software and Contract services with equipment needed in FY 2010.

VIDEO CONFERENCING – PHASE II – SHF – CF
$325,000 for Phase II of the Video Conferencing System, Equipment and software, plus $42,500 for annual operating expenses.

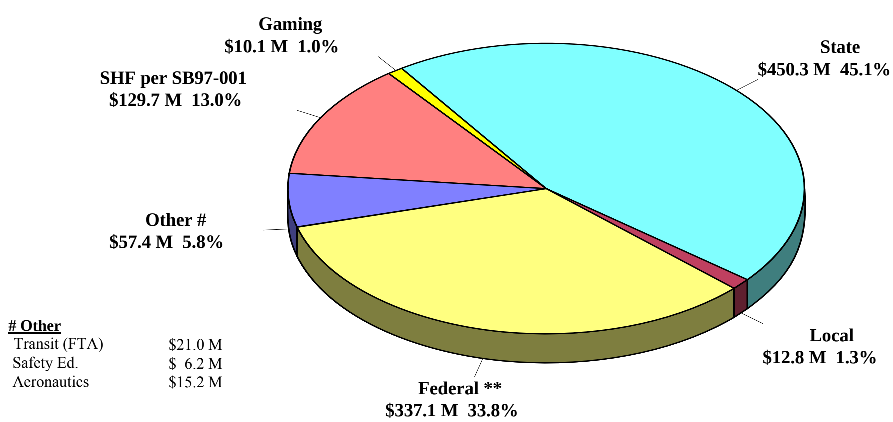
TRACKING HYBRID VEHICLES FOR HOV LANES – SHF - CF
$715,000 for Equipment to regulate the use of High Occupancy Vehicle (HOV) Lanes by Hybrid vehicles.

CRITICAL PATH MANAGEMENT - SCOPING POOLS – SHF – CF
$1.0 million Continuation of the Preconstruction/Design Scoping Pools for Regions, at the reduced level due to fiscal constraints.

TUITION REIMBURSEMENT – SHF – CF
Increase the Tuition Reimbursement program as part of the TC Training line. This, added to the $35,000/year in the appropriated line brings the program to $135,000/year.

VMS BOARD REPLACEMENT FOR PORTS OF ENTRY (Dept. of Revenue) SHF – CF
$675,000 for the Replacement of 9 Variable Message Signs at DOR Ports of Entry sites.

Colorado Department of Transportation
FY 2009 Revenues
$997.5 Million *



* Total Revenue does not include TRANs proceeds, or prior year project funds which are used over multiple years. This also does not include Internal Cash Fund (ICF) "spending authority" of $4.0 million which is derived from payments by internal or other government organizations.
** Assumes Federal Obligation Authority & other reduction at 63.6%

FY2009 ESTIMATED REVENUES BY SOURCE

In FY 2009, the Colorado Department of Transportation anticipates receiving approximately $997,464,042. This estimate includes funds from the State sales and use taxes transfer from the State General Fund to the State Highway Fund, pursuant to S.B.97-001, but none from the General Fund surplus funds pursuant to H.B. 02-1310. It also does not include any allocation from Capital Construction Funds, pursuant to H.B. 95-1174.

STATE FUNDS		**FY 2009**
Highway Fund - (State Share - SHF)[1]		**$414,319,914**
(Does not include $300,000 that transfers directly to DNR Parks Roads)		
Additional Elements of State Revenues		
Miscellaneous CDOT Revenues (Interest, Permits, etc.) CF	32,689,514	
Interest on Bond Proceeds - CF	0	
Toll Collections – CF	2,560,000	
Rail Bank – CF	0	
State Infrastructure Bank – CF	739,937	
Limited Gaming Fund – CF - Decision Item	10,127,274	
Sub-Total	**46,116,725**	
GF to HUTF transfer for Construction *(pursuant to S.B.97-001)**		**116,730,000**
GF to HUTF transfer for Transit *(S.B.97-001 per H.B.02-1310)**		**12,970,000**
GF to HUTF transfer for Construction *(pursuant to H.B.02-1310)**		**0**
Capital Construction Funds (CCF)		**0**
Total State Funds		**$590,136,639**
*S.B.97-001 & H.B.02-1310 based upon March 2008 OSPB Estimate		
LOCAL FUNDS (CF Match for Federal funds targeted to local entities)		**$12,815,749**
FEDERAL HIGHWAY FUNDS (FHWA)[2]		**$337,114,678**
OTHER FUNDS		
Transit FF, CF local match & FTA[3]		20,988,746
Aeronautics Fund - CF & FAA[4]		28,143,238
Highway Safety Funds including MOST [5]& LEAF[6]		8,264,993
Total Other		**$57,396,977**
ESTIMATED TOTAL CDOT REVENUE **		**$997,464,042**

****NOTE:** Total Revenue does not include TRANS proceeds, which were fully spent over multiple prior years. This also does not include Internal Cash Fund (ICF) "Spending Authority" of $3,984,546, which is derived from payments, by internal or other government organizations for a total budget spending authority of **$1,001,448,588.** **Consists of:** Cash Funds $640,524,049, Reappropriated Funds $3,984,546, and Federal Funds $356,939,993.

[1] SHF – State share of Highway Users Tax Fund - CF

[2] FHWA – Federal Highway Administration – amount after Obligation Restrictions

[3] FTA – Federal Transit Authority

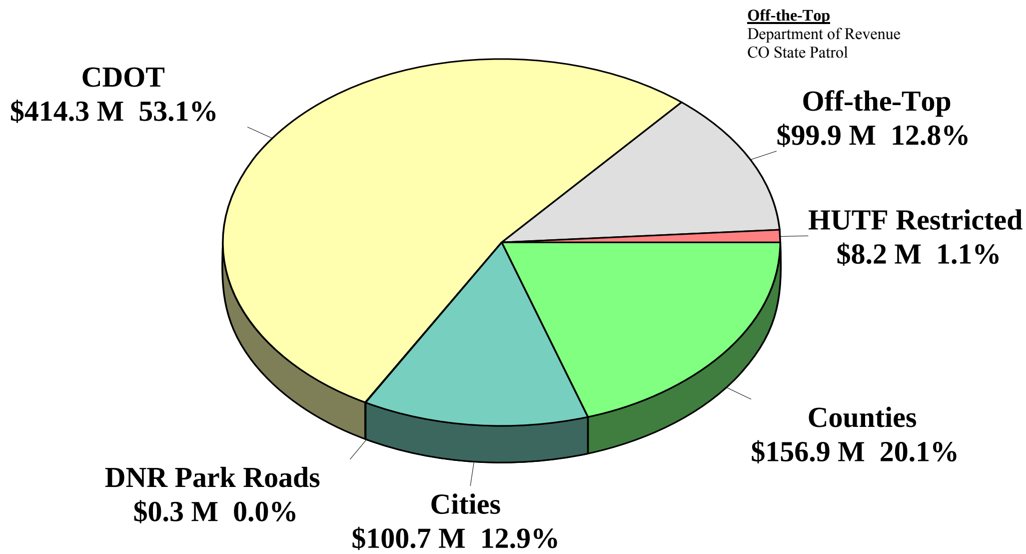
[4] FAA – Federal Aviation Administration

[5] MOST – Motorcycle Operator Safety Training Fund - CF

[6] LEAF – Law Enforcement Assistance Fund - CF

Colorado Highway Users Tax Fund
FY 2009 Distribution

$780.3 Million



STATE REVENUES

HIGHWAY USERS TAX FUND (HUTF)

The major source of revenue for CDOT is the Highway Users Tax Fund (HUTF). The HUTF is projected to collect a total of $780.3 million in FY 2009. The major source of revenue for the HUTF is the State's motor fuel tax. This tax is estimated to generate $523.8 million, 67.1%, of the total HUTF in FY 2009. The remaining 32.9%, or $256.4 million, is comprised of motor vehicle registrations and other fees.

Prior to distribution to CDOT, the counties, and the municipalities, the General Assembly makes appropriations from the HUTF to the Department of Revenue and the Colorado State Patrol (Department of Public Safety) for various highway-related activities. The Department of Revenue's appropriations are for the ports-of-entry in the Division of Motor Carrier Services, and for the administration of the Motor Vehicle Division's expenses of the Motor Vehicle Business Group.

The appropriations above are referred to as "off-the-top" appropriations and cannot, by statute, increase more than 6% annually. For FY 2009, utilizing calculations from FY 2005 as the base year, the off-the-top appropriations are estimated at $99.9 million or approximately 12.8% of the total fund. The actual off-the-top is determined annually by the legislature and the

Department adjusts to actual at that time. Additionally, there are a number of **HUTF Restricted Accounts** (primarily in the Department of Revenue), for special purposes unrelated to highway construction and maintenance 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 by statutory formula: 65% to CDOT, 26% to the counties, and 9% to the municipalities.

HIGHWAY USERS TAX FUND (HUTF)*
OFF-THE-TOP APPROPRATIONS

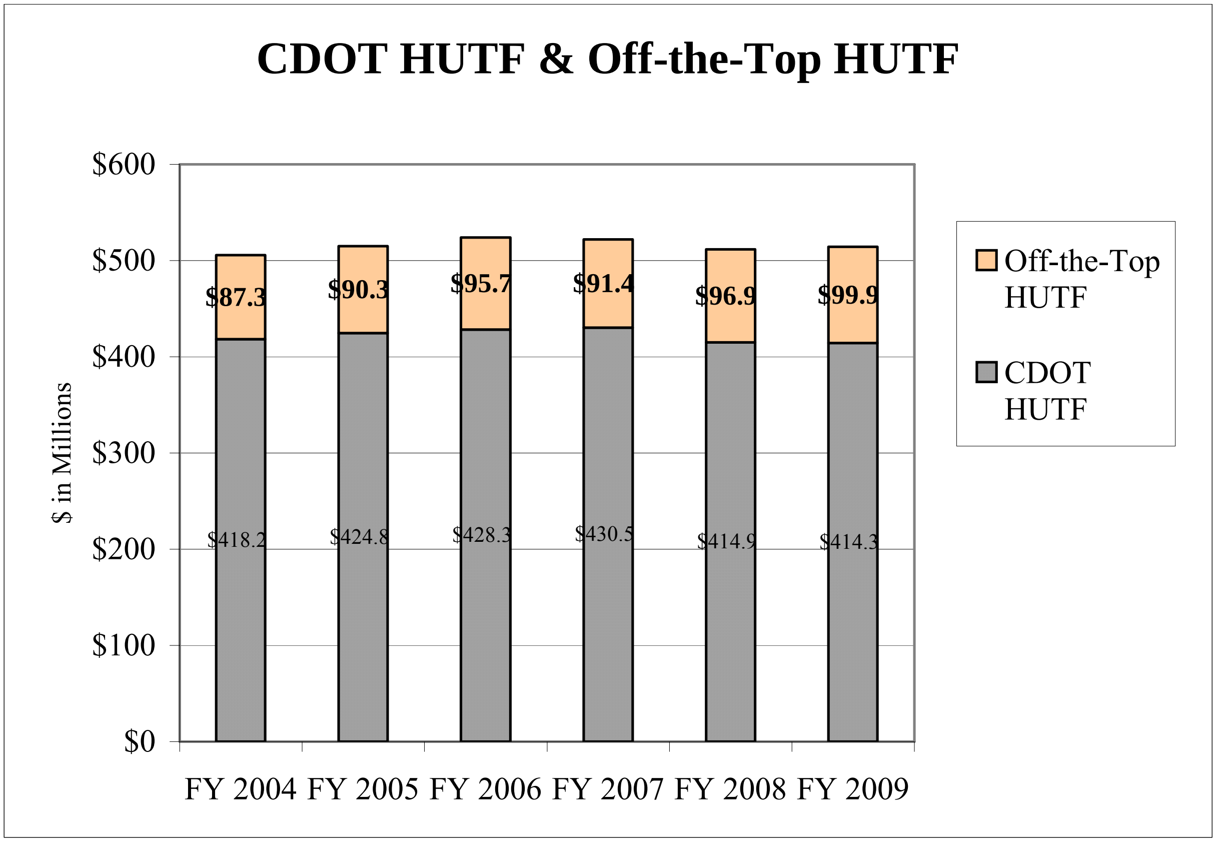
Fiscal Year	Within 6%	% Increase	Outside 6%		Total	% Increase
FY 1999-00	$66,877,939		$566,699	**	$67,444,638	
FY 2000-01	$71,216,208	6.49%	$570,294	**	$71,786,502	6.44%
FY 2001-02	$75,489,180	6.00%	$566,107	**	$76,055,287	5.95%
FY 2002-03	$80,018,531	6.00%	$3,336,331	***	$83,354,862	9.60%
FY 2003-04	$84,819,643	6.00%	$2,503,531	***	$87,323,174	4.76%
FY 2004-05	$89,837,909	5.92%	$485,729	**	$90,323,638	3.44%
FY 2005-06	$95,228,184	6.00%	$491,146	**	$95,719,330	5.97%
FY 2006-07	$91,429,990	-3.99%	$0		$91,429,990	-4.48%
FY 2007-08	$96,932,326	6.00%	$0		$96,932,326	6.00%
FY 2008-09	$99,858,363	3.02%	$0	****	$99,858,363	3.02%

* Figures from annual Long Bill appropriations as adjusted by supplemental appropriations.

** For Fuel Tracking System

*** For License Plate Ordering program and Fuel Tracking System.

**** This FY 2009 estimate was formulated based on the initial legislative allocations.



The history of funding for CDOT is a long and complex one with periodic changes to the fuel excise tax, vehicle registration fees, and varying transfer mechanisms and formulae from the General Fund.

- From 1979 to 1987, a percentage of Colorado's sales and use tax was transferred per a statutory formula 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 second tier was added to the HUTF when 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 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 fuel taxes (those from the "2nd tier" mentioned above) are distributed 60% to CDOT, 22% to the counties, and 18% to the cities.

The portion of the **HUTF** derived from the motor fuel excise tax and registration fees (considered cash funds in the Long Bill for compliance with section 20 Article X of the constitution), that is **distributed to CDOT** plus interest and miscellaneous fees and federal reimbursements provides the bulk of the money deposited in the **State Highway Fund (SHF)** (considered cash funds). In FY 2009, this portion is estimated to equal $414.3 million, or 53.1% of the HUTF.

GAMING FUNDS

Limited Gaming began in Colorado on October 1, 1991. The most immediate and visible impact of permitting gaming occurred on the roads surrounding the gaming communities of Black Hawk, Central City, and Cripple Creek and near the Indian-owned casinos in Southwest Colorado. (Ute Mountain Casino opened in September 1992 and the Sky Ute Casino and Lodge opened in September 1993.) Traffic initially increased on those stretches of State highways in the vicinity of the gaming communities by 12% to 16% per year. Though the rate of increase in traffic has tapered off somewhat since then, these State highways now serve between 50% and 350% more traffic than they did before gaming commenced in 1991. None of the highways in these impacted communities was constructed to handle the current volume of traffic.

Pursuant to Section 12-47.1-701(1)(c)(I), C.R.S. (2007) the Department of Transportation may request an appropriation from the State's Limited Gaming Fund to address the construction and maintenance needs associated with the increased traffic on State highways in the vicinity of the gaming communities. The amount appropriated to the Department of Transportation comes from the 50% portion of the Limited Gaming Fund that defaults to the Clean Energy Fund pursuant to S.B. 07-246.

From FY 1995 through FY 2009, the Department of Transportation has received approximately $56.6 million dollars in appropriations from the Gaming Funds for both highway construction and maintenance. The Department utilizes the Gaming Funds to supplement State Highway Funds for roadway maintenance and improvements in proportion to the gaming-related traffic on the specific highway (e.g., if 50% of the traffic is attributed to gaming based upon pre-gaming and post-gaming traffic count comparisons, then 50% of the costs are requested from the Gaming Fund). Gaming Funds for maintenance are based upon a 5% inflationary increase each year over the amount of maintenance costs attributed to gaming in the base year of FY 1994-95. For mobility improvements in these corridors, the department now relies almost exclusively upon the appropriation of gaming funds.

TRANSFERS OF GENERAL FUND (GF) - SALES AND USE TAXES (S.B. 97-001)

In 1997, the Colorado General Assembly enacted S.B. 97-001. This bill provided that under certain conditions, 10% of the State's annual sales and use tax receipts would be transferred to the Highway Users Tax Fund (HUTF) and subsequently credited solely to the State Highway Fund. The statute further provides that the only use of these funds is for the department's Strategic Transportation Project Investment Program. The basis for this transfer is the fact that somewhat more than 10% of the annual sales taxes collected are directly attributable to the sale of vehicles and vehicle repair parts.

Pursuant to law, the SB97-001 transfer of the sales and use tax to the HUTF only occurs if (1) adequate General Fund revenue exists to fund a maximum 6% increase in appropriations, and (2) adequate General Funds are available for the statutorily required reserve. S.B. 97-001 was effective for five fiscal years beginning with FY 1997-98. H.B. 98-1202 amended this to make the sales and use tax transfers available for ten fiscal years. H.B. 99-1206 eliminated all of the conditions except for the adequate General Fund reserve and made the sales and use tax transfers permanent. H.B. 02-1310 directed that at least 10 percent of S.B.97-001 funds be used for transit purposes or for transit related capital improvements in the implementation of the strategic transportation program.

In FY 2001-02 as the State's fiscal condition rapidly deteriorated, the General Assembly enacted legislation (S.B.01S2-023) in the special session that suspended sales and use tax transfers to the HUTF.

H.B. 02-1310 and S.B. 02-179 (identical bills) enacted by the General Assembly in 2002 provide that beginning on July 1, 2003, and each July 1 thereafter, the General Fund surplus less the 4% reserve and less any revenues in excess of the constitutional limitation on aggregate state revenues are allocated two-thirds to the Highway Users Tax Fund and one-third to the State's Capital Construction Fund. The entire HUTF allocation from the General Fund surplus is then transferred to the State Highway Fund (SHF) for allocation to CDOT for State highway planning, design, reconstruction, repair, maintenance, and capital expansion projects. Any surplus General Fund revenue is budgeted and received by the department in the following fiscal year. The department has budgeted $0.0 million from the FY 2008 General Fund surplus for use in FY 2009 based upon the March 2008 OSPB economic forecast.

CAPITAL CONSTRUCTION FUNDS:

In 1995 the General Assembly enacted H.B. 95-1174. This bill provides that the Transportation Commission annually submit to the Capital Development Committee (CDC) a prioritized list of State highway reconstruction, repair and maintenance projects for possible funding with Capital Construction Funds. Prior to 1995, the Department of Transportation was not eligible to receive State Capital Construction Funds inasmuch as these funds were reserved for non-transportation related capital improvements such as State buildings.

Under the legislation, the Capital Development Committee reviews the Transportation Commission approved list of projects and either approves or rejects the list in its entirety. The CDC-approved list of projects is forwarded to the Joint Budget Committee for possible funding up to the available amount of Capital Construction Funds. Capital Construction Funds appropriated to the Department may be included in the annual Long Appropriations Bill or in a separate bill. Pursuant to H.B. 1174, Capital Construction Funds are appropriated to the Department in a lump sum, not by individual project, and are available for three fiscal years if included in the Long Bill. At the end of the three-year period, any unspent Capital Construction Funds revert to the Capital Construction Fund.

From FY 1996 through FY 2001, the Department of Transportation received Capital Construction Fund appropriations totaling $386.5 million. However, because of the fiscal problems confronting the State, the Department did not receive any Capital Construction Funds from FY 2002 through FY 2005, followed with a FY 2006 supplemental addition of $10 million, a FY 2007 appropriation of $15 million, and the FY 2008 appropriation of $20 million. CDOT requested $70 million from the fund for FY 2009, of which only $9.0 million was approved by the General Assembly after this budget, was adopted. The $9.0 million therefore is not included in the department revenues and allocations.

FEDERAL REVENUES

On August 10, 2005, President Bush signed into law the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or "SAFETEA-LU."

Specifically, SAFETEA-LU identifies $2.45 billion in planned funding for Colorado over the six year life of the bill - including over $332 million in earmarks for special projects around the state. For a detailed list of those earmarks, see **Appendix B**. The bill also acknowledges priorities for Colorado including an increased emphasis on freight and transit programs as well as recognition of the need for innovative financing programs, given the funding shortfalls currently experienced at the state level.

While Colorado did receive one of the highest percentage increases in funding of all the states, approximately a 47% increase over SAFETEA-LU's predecessor, TEA-21, the bill is not a solution to Colorado's transportation problems. Three major factors influence the federal funding. First, construction inflation over the life of SAFETEA-LU accounts for about 5% per year, or 30% over the life of the bill. Therefore, much of Colorado's "increase" in funding is lost due to decreased buying power. In addition, many of the federal earmarks are paid for by a reduction in CDOT's formula funds, but many of these projects are not part of CDOT's 6-year, or even 20-year plans. Those projects have displaced other planned projects. Lastly, current projections for the federal gas tax trust fund have the account exhausting its surplus in 2009. Given this, it is expected that while Congress has "authorized" $2.45 billion for Colorado over the life of SAFETEA-LU, it will likely impose an "obligation limitation" or other restrictions or funding reductions of at least 63.6%, meaning we will only receive 63.6% of the funding authorized. For the current fiscal year the obligation limit is 90.5%, so the 63.6% level represents a real decrease of $192.6 million in the federal transportation dollars CDOT receives.

Federal funding is derived primarily from the federal fuel tax which is currently 18.4 cents per gallon on gasoline and 24.4 cents per gallon for diesel. Federal Highway Trust Fund excise taxes are in effect through September 2011. A portion of this tax is also used to fund the Federal Transit Administration.

In addition, there are federal discretionary grant funds made available to Colorado for emergency relief or specific projects by the FHWA. CDOT has obtained some of these grant funds over time, but due to the uncertain nature of the application process associated with the award of these additional funds, CDOT has not included an estimate of these funds in the annual revenue forecast for budgeting purposes.

FEDERAL OBLIGATION

As noted above, the federal fund figures in this budget assume an estimated 63.6% federal obligation limit and other federal restrictions for total federal funds in FY 2009. The reductions of federal funds impact Colorado by $192.6 million, including a mandated reduction of $1.3 million for the Recreational Trails program, resulting in a net $337.1 million of federal funds for FY 2009, rather than the original apportionment of $529.7 million.

FEDERAL TRANSIT REVENUES

Colorado's transit systems are primarily financed with local funds, but they also receive assistance through the Federal Transit Administration (FTA). These FTA funds are often categorized as intended for either urbanized (over 50,000 population) or non-urbanized areas (under 50,000). The urbanized funds are further divided between small urbanized (50,000 to 200,000) and large urbanized areas (over 200,000). These FTA funds are also categorized as either formula funds (derived by formula based on factors such as population or rider-ship) or discretionary funds (awarded by Congressional earmarks).

Operating and capital assistance for Colorado's urbanized areas (Boulder, Colorado Springs, Denver, Fort Collins, Grand Junction, Greeley, Longmont, Pueblo and Lafayette/Louisville) is awarded by the FTA directly to designated recipients in 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 largely derived from 1.5 cents per gallon tax set aside in the federal Highway Trust Fund and are awarded to states based primarily on population.

For FY 2009, Colorado expects to receive approximately $195.6 million in FTA funds and $2.6 million in FHWA funds for the Safe Routes to School program, of which $14.2 million will be administered by CDOT. The significant programs consist of Section 5307 Formula Funding for Urbanized Areas at $59.5 million; Section 5309 New Starts at $103.7 million; Section 5309 Bus & Bus Facilities at $12.0 million; and Section 5311 Non-urbanized Public Transportation at $8.4 million. Five other, smaller FTA grant programs total $12 million.

These funds are generally available at a match ratio of up to 80% federal and 20% local for capital and administrative expenses and 50% federal/50% local for operating expenses.

STATE TRANSIT REVENUES

Pursuant to H.B. 02-1310, 10% of S.B. 97-001 funds are set aside for transit purposes. The Transportation Commission appointed a Task Force in 2006 that developed a 5-year strategic investment program for transit. The Task Force established a project selection and prioritization process, accepted and scored applications, then recommended a five-year (2006-2010) list of projects to the Commission. The Commission approved the list and has been providing funds for the projects, based on score and year of need, as the funds become available.

The Transit and Intermodal descriptions and fund/matching details are more thoroughly explained in the program section on pages 42-43.

AVIATION REVENUES

STATE

Like other programs within the Department of Transportation, the aviation program receives no General Fund revenue to support its 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 and earmarked for airport development. The remaining 2 cents is placed into the Aviation Fund for "grants-in-aid" to the aviation community and for administrative expenses of the CDOT Division of Aeronautics (DOA) (capped at five percent of the annual deposits into the Aviation Fund). A 2.9% jet fuel sales tax is collected on sales of all jet fuels and is distributed 65% back to the airport of origin with the remaining 35% placed into the Aviation Fund for "grants-in-aid" to the aviation community.

Using State revenue from the sale of aviation gasoline and jet fuel, the Division of Aeronautics plans to distribute about $4.9 million in discretionary grants to airports throughout Colorado in FY 2009. These grants fund a variety of projects such as runway repair, emergency equipment upgrades, airport terminal rehabilitation and runway lighting. The Colorado Aeronautics Board (CAB) generally requires local matching funds in proposals to the CAB, to demonstrate local support for project requests.

FEDERAL

Federal support for Colorado's Aeronautics program is minimal, with the exception of the funds for eligible Colorado airports, which are not part of the CDOT Division of Aeronautics (Denver International and Colorado Springs). CDOT estimated it will receive $201,862 in federal funds for FY 2009. In FY 2009, there are portions of 2.0 FTEs funded from these federal funds.

Federal support of the Aeronautics Program is designed to accomplish specific aeronautical projects of federal interest. These projects currently require a 5% match from the State Aviation Fund, which is provided by the CAB from the Discretionary Airport Grant Program. Due to potential changes in the FAA reauthorization, it may be necessary to increase match from the State Aviation Fund from 5% to 10%.

In addition to the FAA funds managed by CDOT, an additional $65 million in Federal Airport Improvement Program (AIP) grant funds are available to Colorado airports in FFY 2008. The AIP grant recipient airports number 30-35 per year, and include both Denver International Airport (DIA) and the Colorado Springs Airport (COS).

The AIP grant funds to Colorado airports from 2002-2007 (DIA and COS included):

2002 - 25 Airports/$81.8 million	2003 - 46 Airports/$75.0 million
2004 - 35 Airports/$66.2 million	2005 - 33 Airports/$96.3 million
2006 – 29 Airports/$85.1 million	2007 - 33 Airports/$72.2 million

SAFETY EDUCATION AND ENFORCMENT PROGRAM - REVENUES

STATE

There are two major safety programs, which are entirely State funded: the Law Enforcement Assistance Fund (**LEAF**) and the Motorcycle Operator Safety Training (**MOST**) Program. LEAF was created by the legislature in 1982 to help cities and counties enforce impaired driving laws. The Safety and Traffic Branch of CDOT, is assigned the responsibility of allocating LEAF money to law enforcement agencies statewide. Today, there are approximately 60 law enforcement agencies in the state receiving LEAF money, with approximately $1.1 million in LEAF funds allocated for FY 2009.

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

In 1990, the General Assembly created the Motorcycle Operators Safety Training (MOST) Program to promote motorcycle safety. A surcharge of $2.00 on each motorcycle-endorsed driver's license and a surcharge $4.00 on each motorcycle registration is credited to the MOST Fund. For FY 2009, MOST funds are estimated at $0.7 million. Of this amount, a majority of funds are set aside for motorcycle training organizations as a $ 50.00 tuition reimbursement for students. The remaining funds are for administrative costs, which cannot exceed 15% of the revenue.

FEDERAL

For FY 2009 there are ten program areas and in the Safety Education and Enforcement Program that receive federal funds:

- **Transportation Safety Planning, Administration and Operations**
  This program is funded with federal Section 402 and 410 funds which are matched dollar for dollar with State Highway Funds. This program funds the general administration of Safety activities within the Safety and Traffic Engineering Branch as well as the overall management of the various projects within the office. For FY 2009, this program's budget will total $1.4 million matched at a 50% federal and 50% State ratio. $ 0.6 million of the $1.4 million is Section 402 funds.

- **Highway Safety Plan -** Federal funds from the National Highway and Traffic Safety Administration (NHTSA) 402, 408, 410, 1906, and 2010 funds for the first nine of following safety educational and enforcement program areas:
- Occupant Protection,
- Motorcycle Safety,
- Public Information and Education,
- Safe Communities,
- Bicycle / Pedestrian Safety,
- Traffic Records,
- Prohibit Racial Profiling,
- Impaired Driving,
- Young Drivers,

- Roadway Engineering Safety funds will come from FHWA Flex funds and deals with non-construction safety areas, such as proper traffic signs and signals, traffic engineering and maintenance training.
- For FY 2009, $3.4 million in Section 402 funds are estimated for allocation to the first seven programs on the above list. The match ratio for these funds is 75% federal and 25% state or local ratio.

Alcohol Incentive Grant Program - The program aims to reduce impaired driving and related crashes. For FY 2009 it is estimated that $ 1.7 million from Section 410 will be provided. These funds will be expended in the following program areas for tasks that meet the funding criteria: Planning, Administration and Operations; Impaired Driving, Young Drivers, and Motorcycle Safety.

Traffic Records - The Fatality Analysis Reporting System (FARS) program is 100% federally funded, and is currently under a five-year cooperative agreement which effectively started February of 2007 with NHTSA. Funds for this program become available annually on a calendar year basis, and for FY 2009, funding is expected to total $0.1 million. Traffic Records also receives Section 408 funds, and for FY 2009 funding for this program is expected to total $0.5 million.

Motorcyclist Safety Program - For FY 2009 CDOT plans on applying for $ 0.1 million in Motorcyclist Safety (Section 2010) funds for motorcyclist safety training and motorcyclist awareness programs, in conjunction with the state funded MOST programs.

TRANSPORTATION REVENUE ANTICIPATION NOTES (TRANS)

Transportation Revenue Anticipation Notes (TRANS) are a financing mechanism that allowed the Department to issue bonds to accelerate projects today and use future federal and state revenues to pay back bondholders over time.

The State Legislature passed H.B. 99-1325, in the 1999 session. In November of that same year, the voters approved Referendum A. Referendum A granted 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 Projects Investment Category Programs**, commonly known as the 7th Pot projects.

- The maximum principal amount of bonds issued could not 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 year's federal aid funds collected, e.g., if CDOT collects $350 million in federal funds during the state fiscal year, the total annual repayment of all bonds issued to date cannot exceed $175 million.

- To repay the bonds, the department may use the following sources:

    - Federal transportation funds
    - State-matching funds
    - Note proceeds
    - Interest earnings

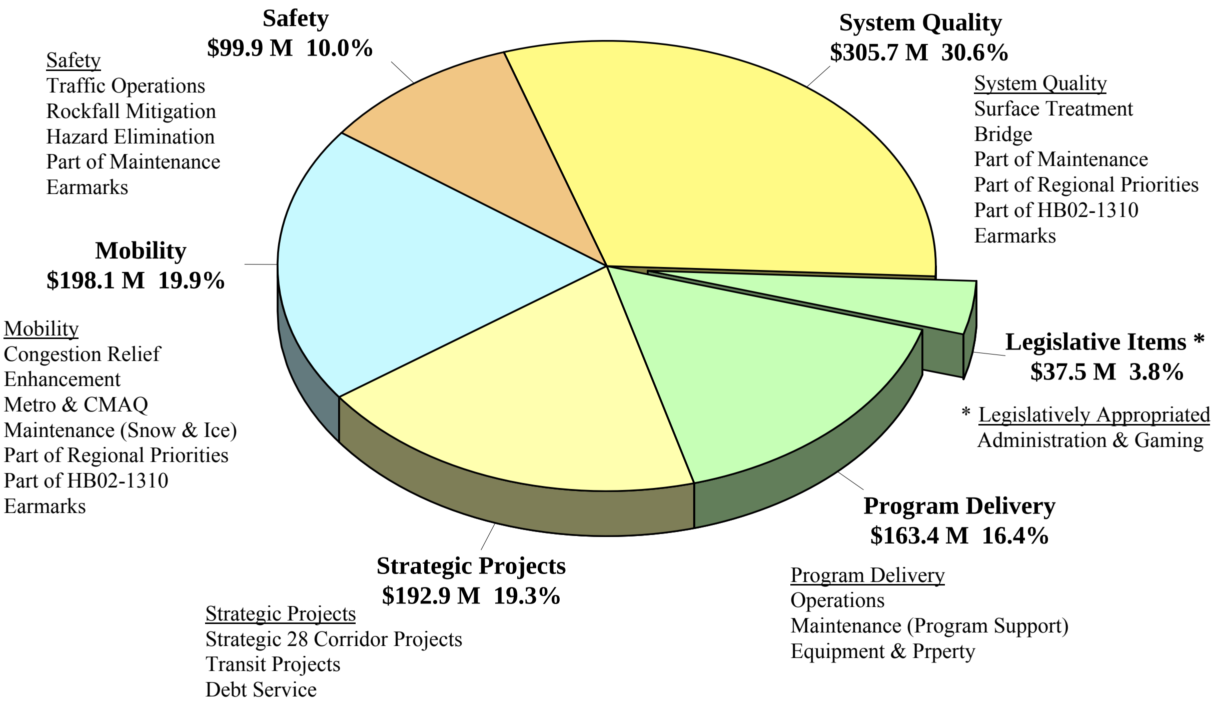
There is no limitation on the use of any fund used to repay the bonds set in the legislation.

The department has issued all bonds allowable under the limit that repayment of principal and interest cannot exceed $2.3 billion. All TRANS funds have been budgeted and are under contract. The proceeds have allowed CDOT to spend approximately $1.5 billion on projects. All of the proceeds were spent as of the end of calendar year 2007.

Debt Service payments for FY 2009 total $168 million and will remain at this level annually through 2016, with an approximate $130 million at the end of the term in 2017, based on:

- $51.1 million for Series 2000
- $52.9 million for Series 2001A
- $16.6 million for Series 2002
- $21.8 million for Series 2002B Refunding
- $ 6.7 million for Series 2004A
- $18.9 million for Series 2004B

CDOT INVESTMENT CATEGORIES
FY 2009 Estimated Distribution
$997.5 Million

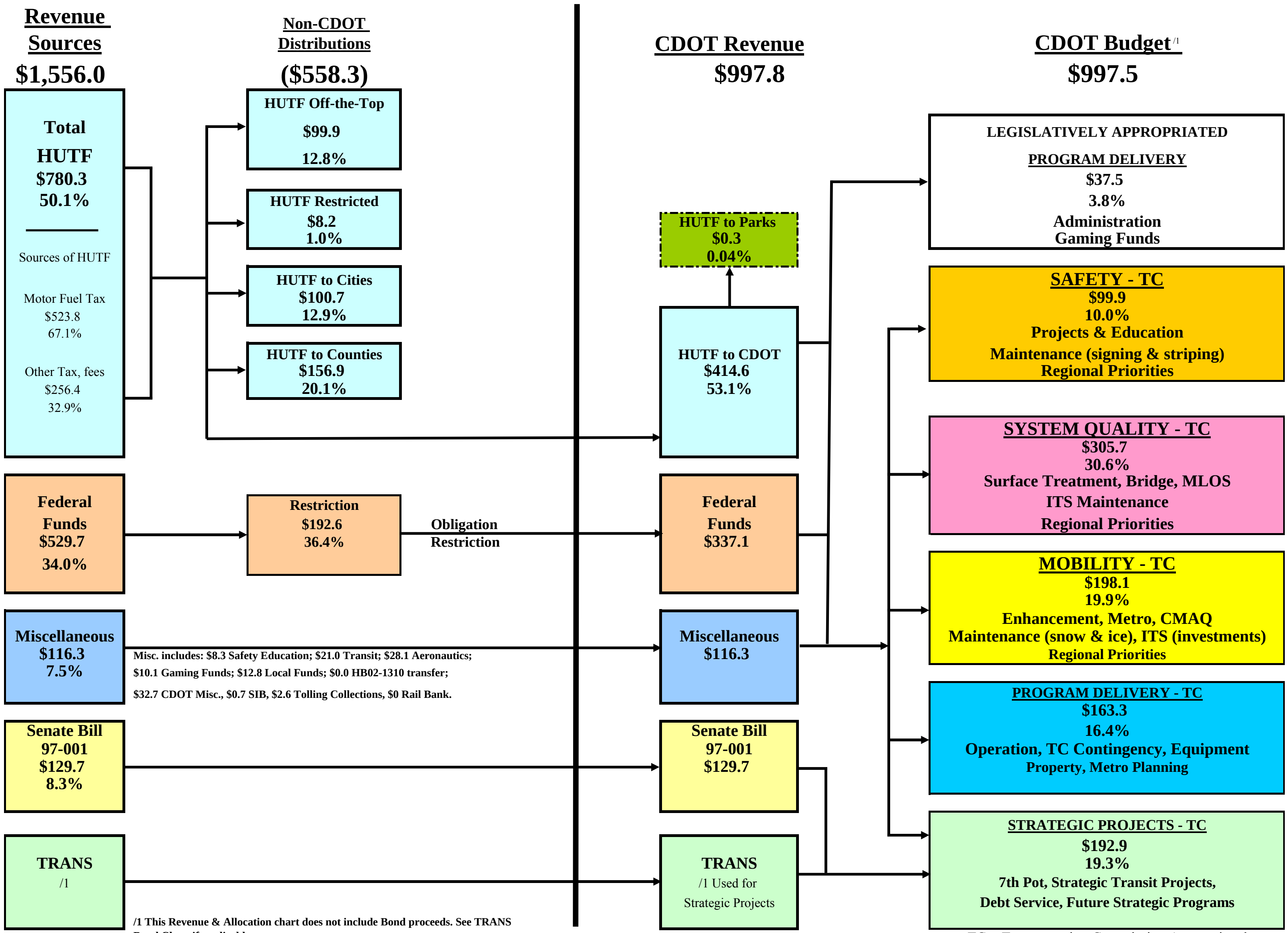


Totals may differ due to rounding

Colorado Department of Transportation

Estimated FY 2008 - 2009 Financing System - Distribution by Investment Categories

(In Millions)



/1 This Revenue & Allocation chart does not include Bond proceeds. See TRANS Bond Chart if applicable.

Totals may vary due to rounding

As of April 18, 2008

TC = Transportation Commission Appropriated

COLORADO DEPARTMENT OF TRANSPORTATION
FY2009 ALLOCATION BY INVESTMENT CATEGORY
As of April 18, 2008

INVESTMENT CATEGORY / PROGRAM AREAS (All or part)		ALLOCATION
SAFETY		
Safety Education (with State Match)		8,669,524
Safe Routes to Schools		1,458,445
Railroad Crossings		1,838,377
Rockfall Mitigation		3,439,164
Rockfall Mitigation - Gaming Funds		222,750
Construction - Gaming Funds		0
Maintenance - Gaming Funds		948,277
Hazard Elimination		13,040,529
Hot Spots		1,573,578
Traffic Signals		1,069,422
Safety Enhancements (Note: this is transferred to Surface Treatment & was Advanced to FY08)		5,721,143
Maintenance (Traffic Operations)		56,484,117
Safety - Earmarked Projects		5,425,697
Total SAFETY		**99,891,023**
SYSTEM QUALITY		
** Surface Treatment (Note: plus Safety Enhancement fund transfer which was Advanced to FY08)		160,811,812
CDOT Bridge & Special DI for Culvert Repair		28,663,264
Local Bridge		6,129,105
Maintenance		91,804,517
ITS Maintenance		6,799,302
Transit (Capital - Sec. 5310)		2,103,505
Tunnel Inspections		129,555
System Quality - RPP		7,572,194
System Quality - Earmarked Projects		1,691,636
Total System Quality		**305,704,890**
MOBILITY		
Congestion Relief		5,815,355
Enhancement		8,752,899
Metro		32,238,761
CMAQ		26,057,585
Maintenance (Avalanche, Snow & Ice)		50,024,117
ITS Investments		0
Gaming Funds - Construction		8,956,247
Division of Aeronautics		28,143,238
Transit (Service & Capital)		16,698,611
Mobility - RPP		5,048,130
Mobility - Earmarked Projects		16,379,673
Total MOBILITY		**198,114,616**
STRATEGIC 28 PROJECTS		
Strategic 28 Projects - Debt Service		167,992,432
Strategic 28 Projects - Highway		5,000,000
Strategic 28 Projects - Earmarks		6,962,066
Strategic 28 Projects - Transit		12,970,000
Total STRATEGIC PROJECTS		**192,924,498**
PROGRAM DELIVERY		
Operations (incl: Admin $25.3M, DTD, Mtc HQ items, etc.)		67,818,701
Maintenance - Region Program Support in MLOS		26,111,953
** TC Contingency - (adjusted with any prior year balance)		43,139,533
TC Contingency - Snow & Ice Reserve		10,000,000
TC Contingency - Earmarks Match		5,350,554
Maintenance Incentive Program - Roadway Transfer (in TCCRF)		10,276,968
Road Equipment		14,191,591
Capitalized Operating Equipment		5,502,638
Property & COPS		7,831,445
Transit Administration / Operations		436,599
Metro Planning - FTA & FHWA		7,609,034
Tolling Enterprise		2,560,000
Total PROGRAM DELIVERY		**200,829,016**
TOTAL CDOT INVESTMENT CATEGORIES	**$**	**997,464,042**

** Note: $92.9 million of FY07 & FY08 funds will be used in FY09 with $81.4 million for Surface Treatment and $11.5 million for the TC Contingency.

SAFETY INVESTMENT CATEGORY

Defined as: services, programs and projects that reduce fatalities, injuries and property damage for all users of the system

The Safety Investment Category focuses on two key program areas: Roadway Characteristics and Driving Behaviors. Roadway Characteristics performance is measured by: Total Crash Rates, Injury Rates, and Fatality Rates. Driving Behaviors performance is measured by tracking: Alcohol Related Fatality Rates and Seatbelt Usage.

SAFETY PROGRAM AREAS - SAFETY EDUCATION & ROADWAY SAFETY

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

DRIVER BEHAVIOR PROGRAMS – Safety Education and Enforcement

In combination with traditional roadway safety improvements, this program promotes safety through education and enforcement campaigns-such as “Heat is On”, and "Click It or Ticket" and educational and direct service programs through school districts and with other safety partners to reach groups which are disproportionately represented in crashes.

The Safety and Traffic Branch of CDOT, is assigned the responsibility for the promotion and coordination of transportation safety education and enforcement 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. The plan is designed to reduce traffic accidents and deaths, injuries and property damage.

The Safety and Traffic Branch of CDOT develops projects with state and local governmental agencies, non-profit organizations and universities for inclusion in the Highway Safety Plan. These projects address problems identified in major safety program areas such as impaired driving, young drivers, occupant protection, motorcycle safety, public information, safe communities, bicycle/pedestrian safety and roadway engineering safety. Federal funding is made available for these projects with state and local matching funds.

The Safety and Traffic Branch of CDOT administers two State-funded programs. These are the Law Enforcement Assistance Fund (LEAF) and the Motorcycle Operators Safety Training (MOST) Program.

TRANSPORTATION SAFETY ADMINISTRATION, PLANNING AND OPERATIONS

This program is funded with federal Section 402 and 410 funds, FHWA Flex and state funds. This program provides for the general administration, planning and operations of the Safety Programs within Safety and Traffic Engineering Branch. The match ratio is 50% federal and 50% state.

HIGHWAY SAFETY PLAN

This program annually funds over 75 projects and approximately 40 joint projects between local agencies and the Safety Education and Enforcement Programs, which currently include:

- Impaired Driving
- Young Drivers
- Occupant Protection
- Teen Seat Belt Demonstration Project
- Motorcycle Safety
- Public Information and Education
- Safe Communities
- Bicycle / Pedestrian Safety
- Traffic Records
- Prohibit Racial Profiling
- Roadway Safety Engineering

- Federal funds for the first ten safety areas come from the National Highway and Traffic Safety Administration (NHTSA) 402, 403,408, 410, 1906 and 2010 funds. The last program for Roadway Safety Roadway Engineering Safety funds will come from FHWA Flex funds (when available) and deals with non-construction safety areas, such as proper traffic signs and signals, traffic engineering and maintenance training.

ALCOHOL INCENTIVE GRANT
These funds must be used for programs to reduce impaired driving related crashes. The Impaired Driving Program is funded entirely with federal funds from Section 410. In addition there are Young Driver, Motorcycle Safety, and Planning and Administration Programs.

TRAFFIC RECORDS - FATALITY ANALYSIS REPORTING SYSTEM (FARS)
The FARS program is 100% federally funded, and is currently under a cooperative agreement with NHTSA. Funds for this program become available annually on a calendar year basis.

TRAFFIC RECORDS
Traffic Records programs will receive Section 408 Information Improvement funds in addition to the FARS funds. These funds are used to improve traffic records information systems.

HIGHWAY SAFETY RESEARCH AND DEVELOPMENT PROGRAM
Colorado estimates an award of $.6 million of Section 403 funds in FY 2009, to conduct a pilot NHTSA Teen Seat Belt Demonstration Project to increase seat belt usage for teens.

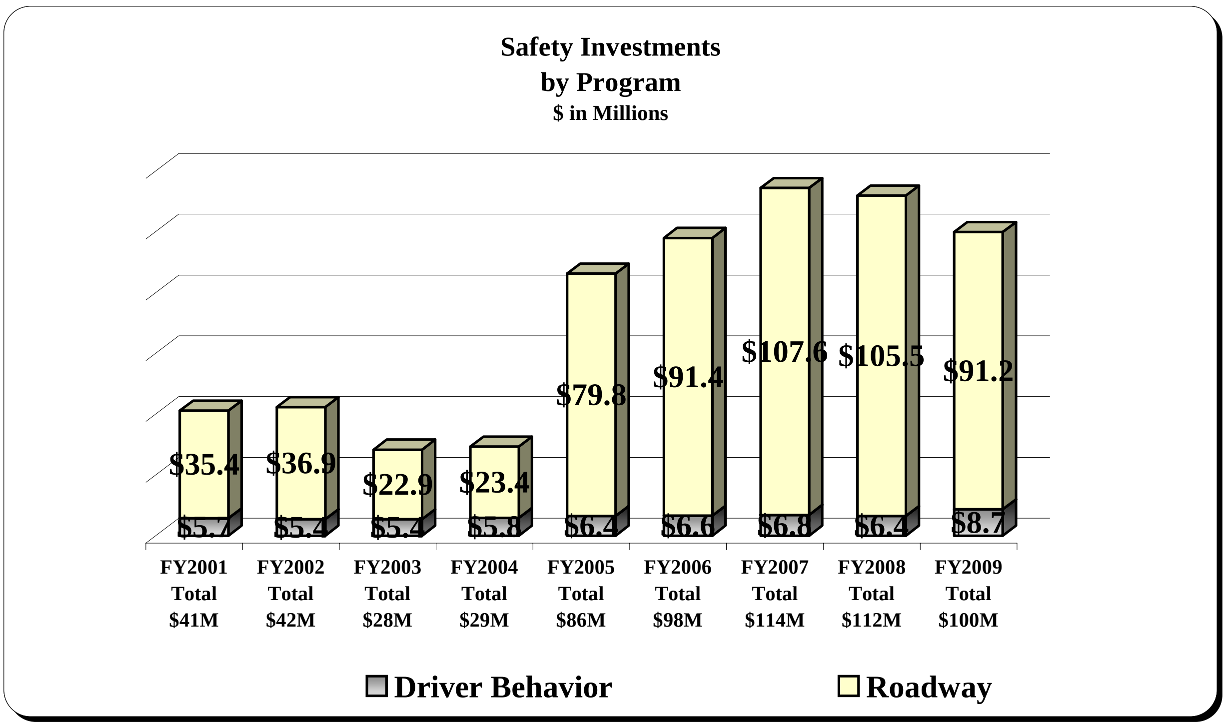
MOTORCYCLIST SAFETY PROGRAM
Colorado estimates an award of $ 0.1 million in Section 2010 funds for FY2009 to be used for motorcyclist safety training and motorcyclist awareness programs.

PROGRAM TO PROHIBIT RACIAL PROFILING
Colorado estimates an award of $0.54 million in Section 1906 funds in FY2009 to be used for undertaking activities to prohibit racial profiling.

ROADWAY SAFETY PROGRAM AREA

This program identifies roadway improvements which can improve the 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, guardrails, intersection improvements, lighting, etc.

As an additional State source for safety activities, H.B.05-1151 doubled the fines for various types of violations in construction work zones beginning July 1, 2006. These funds are deposited into the Highway Construction Workers' Safety Account in the Highway Users Tax Fund (HUTF). The bill provides that the funds generated are continuously appropriated to the Department of Transportation for work zone safety equipment, signs, and law enforcement. The FY 2009, estimate for this funding source is approximately $72,000, though the collections to-date are only about one tenth of this amount due to either enforcement or judicial collection issues. The department will use this money to purchase Safety Attenuator Equipment (truck mounted crash impact barriers).



Note: The apparent increase in funding for FY 2005 is primarily due to a re-categorization of funding with the maintenance program’s traffic services, changing from System Quality to Safety.

SYSTEM QUALITY INVESTMENT CATEGORY

Defined as: Activities, programs and projects that maintain the function and aesthetics of the existing transportation infrastructure

This investment category addresses the quality of the transportation infrastructure. Investment decisions in this category impact the surface quality and remaining service life of roadways and structures. The investment Program Areas are: Pavement, Bridge, Roadside Facilities, Traffic Operations, Rest Areas, Roadside Appearance and Other Modes.

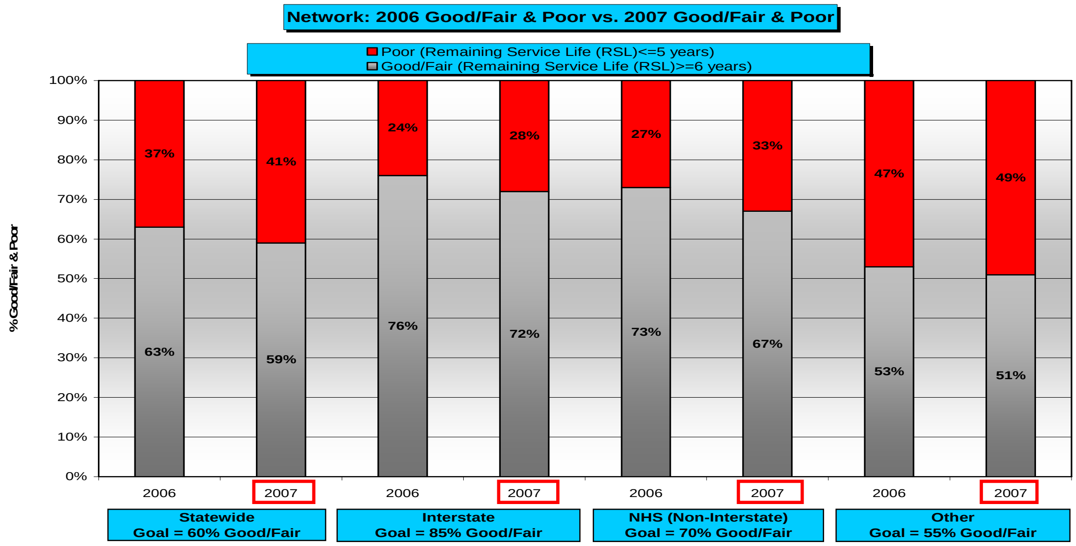
SURFACE TREATMENT

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.

To preserve and maintain the State highway system, the Transportation Commission has allocated $160.8 million in FY 2009 to the Surface Treatment Program (plus $26.6 million transferred to the Maintenance program for surface work). As these funds were advanced from FY 2009 to FY 2008, they are not available to be spent in FY 2009. Due to uncertainty of FY 2010 funding levels, no Surface Treatment advancement will take place from FY 2010 to FY 2009. Also, Safety Surface Treatment funds, in the amount of $5.7 million, used to realize efficiencies by performing necessary Safety work while doing Surface Treatment work were also advanced from FY2009 to FY 2008, and are not available to be spent in FY 2009.

This is the sixteenth fiscal year of an increased level of funding for surface treatment that exceeds an adjustment for inflation. 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. Using “Remaining Service Life” (RSL), the current pavement condition on the State system is rated 59% as "fair/good" and 41% as “poor.”

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. However, we are not meeting these goals on a statewide basis. The following graph depicts the changes in condition for the systems and in aggregate (Statewide) for recent years.



BRIDGE

FHWA funds a portion of the State's Bridge Program through the Highway Bridge Replacement and Rehabilitation Program (HBRRP). For HBRRP purposes, a bridge is defined as a structure including supports erected over a depression or an obstruction, such as water, a highway, or a railway, with 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 under-cropping 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.

Although it has changed somewhat throughout the years, the HBRRP funds work on 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 either Structurally Deficient (SD) or Functionally Obsolete (FO) AND 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) on which bridges are rated.

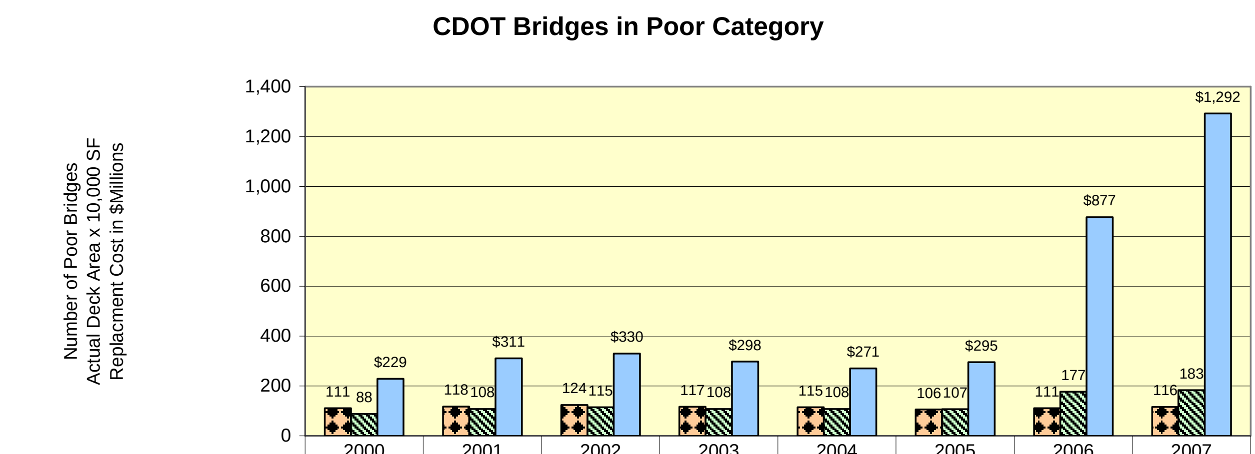
Bridges that have a Sufficiency Rating LESS THAN fifty (i.e., bridges in poor condition) qualify for HBRRP replacement funding while those with a Sufficiency Rating from fifty to eighty (i.e., bridges in fair condition) qualify for rehabilitation funding. The Bridge Design and Management Branch provides 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 for inclusion in the Statewide Transportation Improvement Program (STIP).

The Code of Federal Regulations (CFR) states that not less than 15 percent of the federal apportioned funds shall be expended for "off-system" projects located on public roads, other than those on a Federal-aid system; i.e., local agency projects.

Over recent years the numbers of bridges qualifying for the Select List has been fairly constant. This will change in the future, with a growing number of poor bridges, as the average age of the State's bridge infrastructure increases.

Bridges in the poor category typically require replacement instead of preservation activities. Under CDOT's current 2008-2035 plan, $27.0 million will be invested annually (on average, un-inflated dollars) from the State's Bridge Program for replacement and major rehabilitation of bridges on the select list. The total project cost to replace the current number of poor on-system bridges is estimated at approximately $1.29 billion dollars. The I-70 Viaduct (from Brighton Boulevard to Colorado Blvd, in Denver) accounts for about $800 million of this amount.

CDOT's current 2008-2035 plan provides additional dollars for bridge repair and rehabilitation. $14.1 million for bridge and culvert critical repairs, bridge preventative maintenance, and the Department's structure inspection and inventory programs. The Department's structure inspection and inventory programs also include bridges and culverts less than 20 feet long (along centerline of roadway), overhead signs and signals, and high mast lights.



	2000	2001	2002	2003	2004	2005	2006	2007
Number of Poor Bridges	111	118	124	117	115	106	111	116
Deck Area in SF x 10,000	88	108	115	108	108	107	177	183
Replacement Cost in $Millions	$229	$311	$330	$298	$271	$295	$877	$1,292

Number of Poor Bridges   Deck Area in SF x 10,000   Replacement Cost in $Millions

Total Project Cost for the Replacement of Poor Bridges Listed in Fiscal Year 2007 = $1,292 Million.
The 2007 average replacement cost of an existing bridge is based on $390 / SF times the existing bridge deck area.
The $390 average replacement cost per SF is based on:
the three year average of the FHWA bridge bid cost per square foot
x 2.2 (Replacement Bridge Size Growth Factor)
x 1.75 (Non-Structure Project Cost Factor) x 1.15 (Engineering Cost Factor)
x 1.15 (Engineering Cost Factor)

The replacement cost of E-17-FX (a.k.a. the 46th Avenue Viaduct or the I-70 Viaduct) at $800M exceeds the $390 / SF used for this report. The $800M replacement cost used is from the I-70 East EIS.

MAINTENANCE

The Maintenance Program is designed to keep the 9,200 centerline-mile (27,110 lane miles) 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, guard rail repair, bridge repair, painting bridges, tunnel maintenance, rest area maintenance, 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 severe weather, such as a snowstorm, flood, or avalanche occurs, our Maintenance forces reprioritize and utilize all available resources to address safety and access of the system as quickly as possible.

In an effort to provide statewide consistency in service, for FY 2009, CDOT uses 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" (MPA's), 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 cost 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.

For example, during FY 2007 these transportation workers:

- Extended the life of highways utilizing 270,941 tons of asphalt and 196,646 thousand gallons of liquid asphalt in asphalt preservation activities.
- Striped over 21,264 miles of roadway. Placed 267,513 thousand sq ft of markings by hand.
- Snowplowed, sanded and/or de-iced Colorado highways traveling 7.10 million miles. 7 thousand hours of avalanche mitigation.

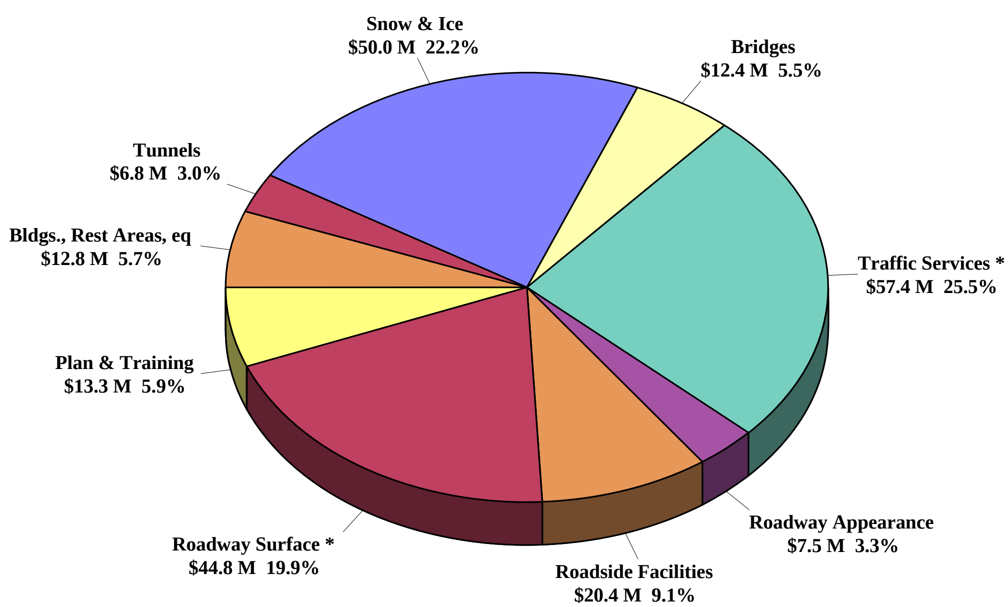
- Disposed of 4,871 cubic yards of trash with the help of 10,800 Adopt-A-Highway volunteers.
- Installed, replaced or repaired 139,612 signs and/or posts damaged by accident, vandalism or deterioration.
- Replaced, installed or repaired over 25.556 million linear feet of fencing along right of way.
- Provided over 53,484 hours of traffic surveillance through Colorado's two major vehicular tunnels along the I-70 corridor. This in turn provided quick response to 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 F, as established by the Commission.

MPA	FY 2007 LOS	FY 2009 Proposed LOS
Planning & Training	B	B-
Road Surface	B+	B-
Roadside Facilities	B	B-
Roadside Appearance	C+	C
Traffic	C+	C
Structures	C	C
Snow & Ice Control	B-	B-
Equipment, Bldgs., Grounds	C+	C
Tunnels	B-	B-
Total Maintenance Program - Statewide	**B-**	**C+**

FY 2009 Maintenance - LOS

$225.4 Million *



* **Regions Only** - Plan based upon Target Level of Service allocation model, including $26.6M of Surface Treatment Funds, $25.2M of Safety Funds transferred to Traffic Services, and $0.9 million of Gaming Funds.

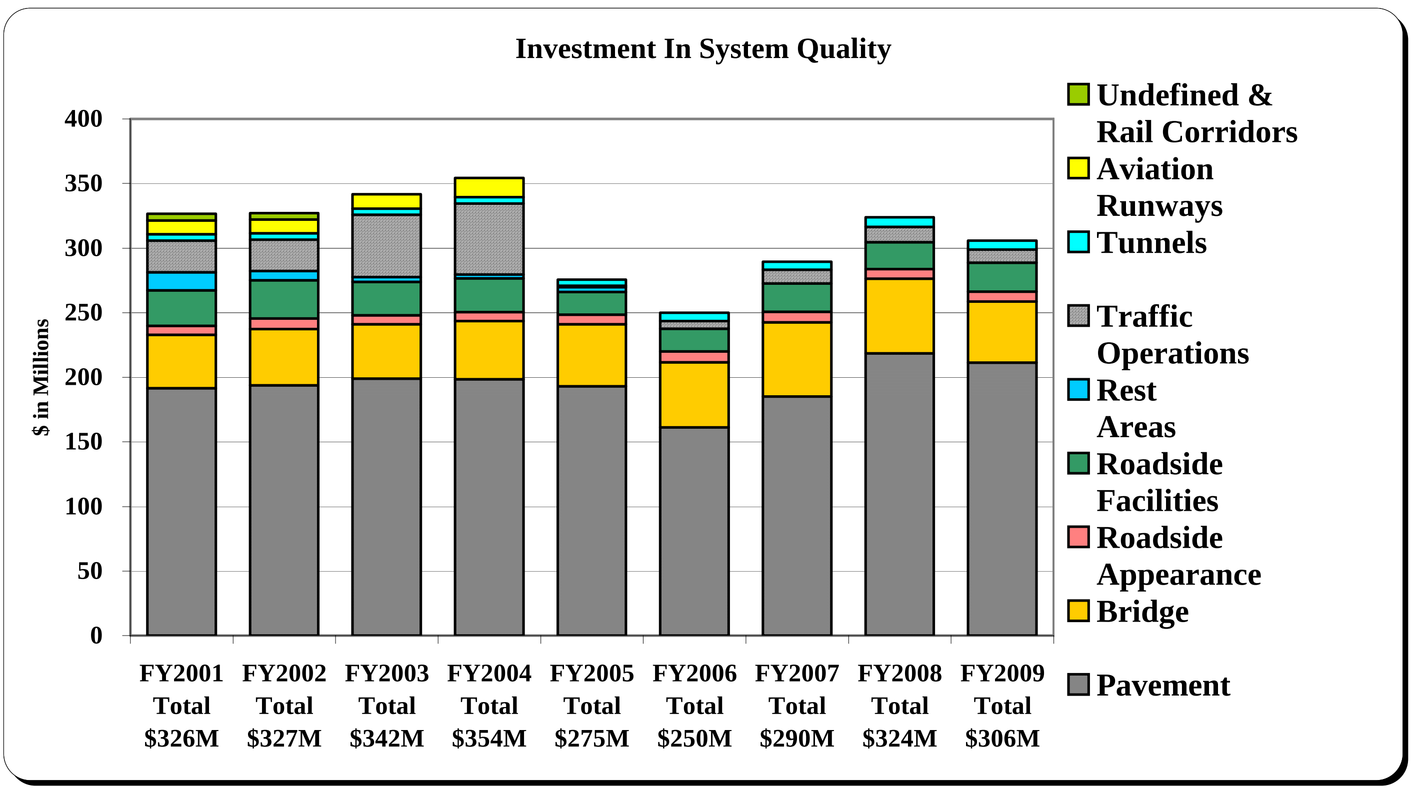
INTELLIGENT TRANSPORTATION SYSTEMS (ITS)

$6.8 million is provided to design, build, operate, and maintain the ITS program. Note that $1.8 million of this total is for Ports of Entry-related activities. This program includes the delivery of traffic management through the Traffic Management Center (CTMC), ramp metering, video monitors, variable message signs and more. This program now includes replacement of old ITS devices, maintaining the existing ITS infrastructure throughout the state, and the management center. FY 2009 is the tenth year for this ongoing program.

Does not include $3.1M for CDOT Staff and operating costs identified in CDOT Operations in the Engineering Program.

CDOT's Investment in System Quality

This Graph Compares Allocation of Funds for FY 2001–FY 2009 Utilizing the Original Budget for Each Fiscal-Year



Note 1: The sequence of the stacked bar sections are in the same order as the legend of subprograms listed on the right of the Graph.

Note 2: The apparent decrease in funding for FY 2006 is primarily due to a re-categorization of funding with the maintenance program's traffic services, from System Quality to Safety.

MOBILITY INVESTMENT CATEGORY

Defined as: Services, projects and programs that provide for the movement of people, goods and information

The Mobility Investment Category complements the other investment categories. The Mobility Investment Category encompasses investments made in accessibility to the transportation system, transportation options, environmental impacts, connectivity, travel time variability and overall infrastructure management. Mobility related areas include: Highway Performance, Alternate Modes, Facility, Travel Demand, and Weather/Other Response.

FEDERAL/LOCAL REGIONAL PROGRAMS

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 Planning & Research Section.*

ENHANCEMENT

The Enhancement Program is another element of the federal Surface Treatment Program (STP) under SAFETEA-LU. 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 distributes Enhancement funds to each transportation region as part of the resource allocation process. The regional transportation director works with each local entity to determine specific project selection and funding levels.

METRO

Under SAFETEA-LU, 10% of the Surface Transportation Program (STP) funds are set aside for Transportation Enhancements. Of the remaining 90%, 62.5% is allocated based upon population and 37.5 % (flexible) can be used in any area of the state.

The STP funds that are sub-allocated to urbanized areas over 200,000 populations must be further distributed to the individual urbanized areas based on percentage of the total 200,000 and over population. In the case of Colorado the 2000 Census generated the following sub-allocation distributions of these STP funds:

State of Colorado Total Population **4,301,261**

LOCATION > 200,000	**POPULATION**	**%**
• Colorado Springs, CO	466,122	(17.539%)
• Denver-Aurora, CO	1,984,887	(74.686%)
• Fort Collins, CO	206,633	(7.775%)
TOTAL AREAS > 200,000	**2,657,642**	**(100.000%)**

Areas with Population Greater than 200,000	(61.788%)
Areas with Population Less than 200,000	(38.212%)

It is the 61.788% of STP funds, allocated based on population, which establishes the Metro Program and is distributed to Colorado Springs, Denver-Aurora and Fort Collins at the sub-distribution rates of 17.539%, 74.686%, and 7.775% respectively. The remaining 38.212% of STP funds allocated based on population is distributed to areas with populations less than 200,000.

CONGESTION MITIGATION AND AIR QUALITY PROGRAM

SAFETEA-LU continued the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. This program directs funds to transportation projects in Clean Air Act non-attainment areas that contribute toward achieving or maintaining air quality standards. Colorado has eight areas that are classified as non-attainment or maintenance; the Denver/Longmont, Colorado Springs, and Fort Collins/Greeley Metropolitan Planning Organization (MPO) areas, as well as Canon City, Pagosa Springs, Aspen, Telluride and Steamboat Springs. Projects under this program must contribute to meeting the attainment of national ambient area-air quality standards. 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. The Transportation Commission has allocated the CMAQ funds to the three non-attainment MPO areas based on population and vehicle miles traveled after allocating $1.0 million divided among the rural PM10 non-attainment areas. The remainder of these funds is allocated to the three MPO areas: Denver Regional Council of Governments (DRCOG 76.31%), Pikes Peak Area Council of Government (PPACG 18.13%), and North Front Range (NFR 5.56%).

AERONAUTICS

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 provide financial assistance to maintain and enhance the airports throughout the state; to deliver 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. The DOA also works closely with the Federal Aviation Administration (FAA) in determining the timing and location of the investment of federal funds. *(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 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 for the administrative expenses of the Division of Aeronautics (statutorily capped at five percent of the annual deposits into the Aviation Fund) and for the continuously appropriated grants made by the Colorado Aeronautical Board to entities operating public-accessible airports. A 2.9% jet fuel sales tax collected on all sales of jet fuels is distributed 65% back to the airport of origin and the remaining 35% is placed into the Aviation Fund for "grants-in-aid" to the aviation community. In addition, the DOA receives some funding from the FAA to perform special aviation projects throughout the state.

Pursuant to S.B. 03-049, the Formula Refund and Discretionary Grants portions of the Aviation Fund are now continuously appropriated, subject to the authority of the CAB. This was done to provide for the more timely distribution of these funds to the airports due the refunds or that have qualified for the grants. The Division's Administration activities were moved from appropriation by the legislature to the Transportation Commission in FY 2007 per H.B.06-1244.

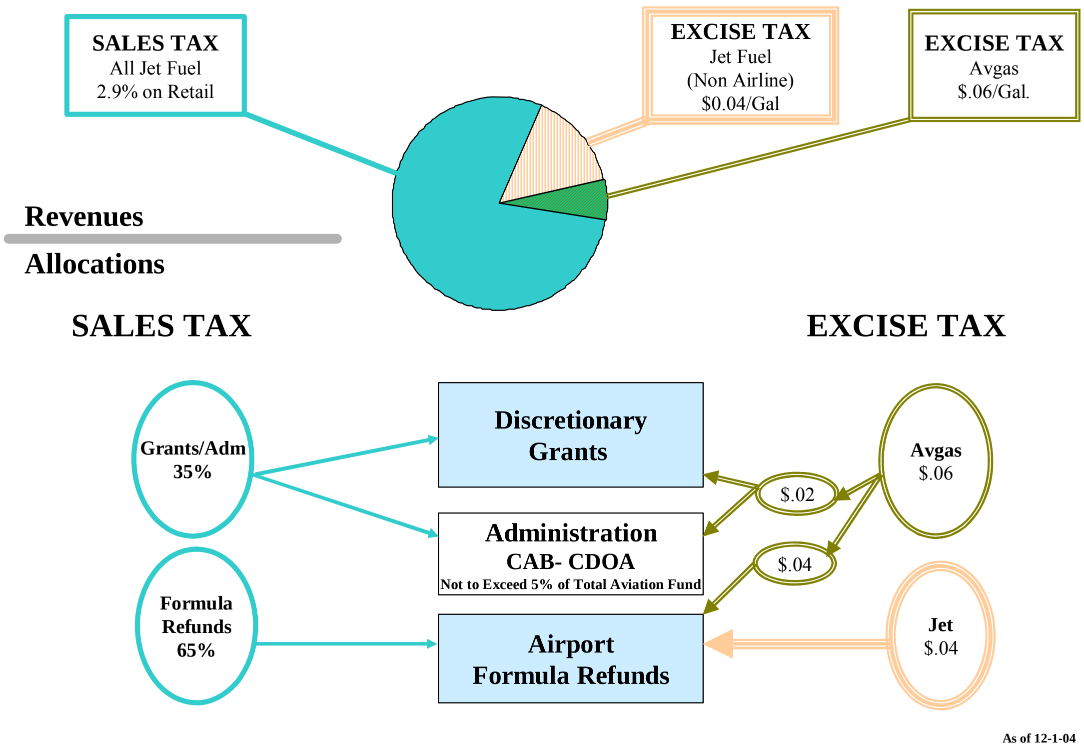
The Department also provides for the loan of funds to airports through the Aviation State Infrastructure Bank (SIB). These funds are often borrowed to match the funds from the FAA. The recipients of these loans use them to meet their capital project needs and repay the loans over time with interest. The money is then available to re-loan to other airports. The program currently has outstanding $19.8 million in loans to 13 airports.

For FFY 2008 the Federal Airport Improvement Program (AIP) may make available to Colorado airports as much as $65 million in grants. The AIP grant recipient airports number 30-35 per year, and include both Denver International Airport and the Colorado Springs Airport.

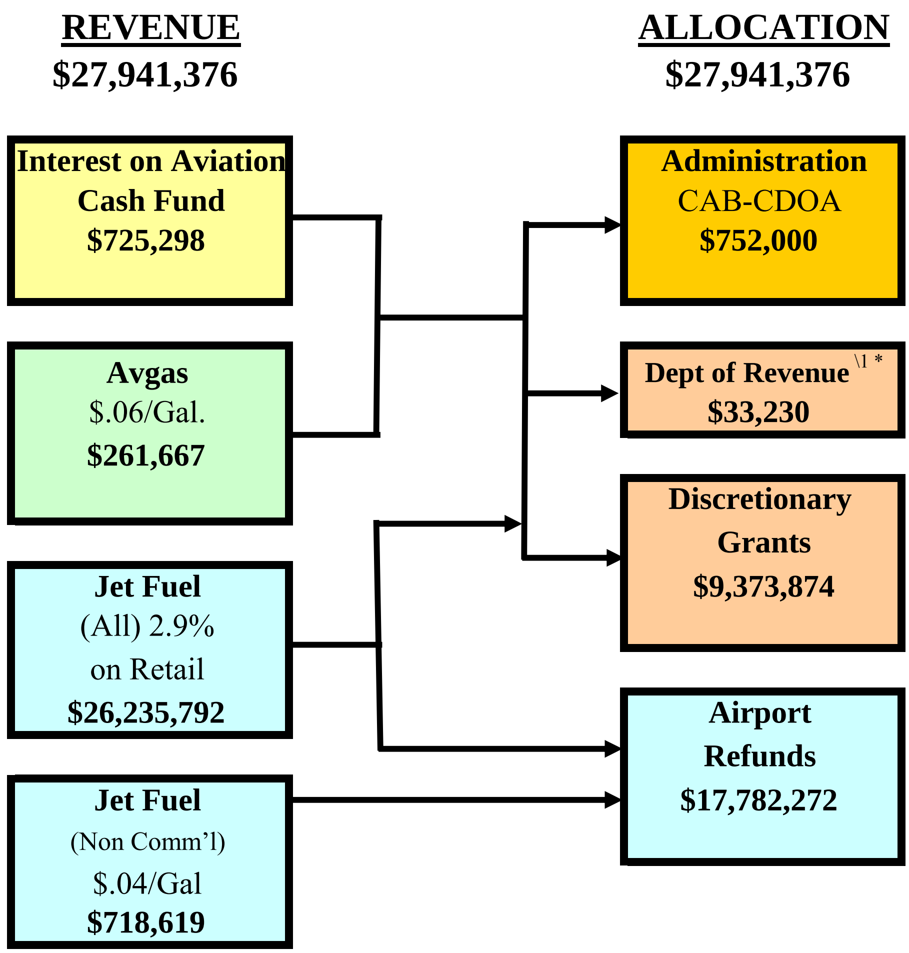
The AIP grant funds to Colorado airports from 2002-2007:

2002 - 25 Airports/$81.8 million
2003 - 46 Airports/$75.0 million
2004 - 35 Airports/$66.2 million
2005 - 33 Airports/$96.3 million
2006 – 29 Airports/$85.1 million
2007 - 33 Airports/$72.2 million

Division of Aeronautics
Aviation Fund Revenue & Allocation Flow



Division of Aeronautics
FY 2009 Aviation Fund Revenues & Allocations



\1 Legislatively appropriated

* Revenue allocation is a reduction to Discretionary Grants in the box just below, and is subject to legislative adjustment.

Chart does not include $201,862 in federal grants requested for FY 2009.

As of 4-23-08

TRANSIT/INTERMODAL

FEDERAL

This program includes a number of Federal grant programs involving transit and bicycle services. The transit programs disburse federal funds to various communities around Colorado for the provision of public transportation and the purchase of capital equipment such as buses and vans, while the Safe Routes to School program awards funds for educational and capital projects related to bicycle and pedestrian improvements. Some programs are identified as pass-through funds to other governmental units and administered by CDOT, while three of the FTA programs are awarded directly to local entities. The estimated dollar amounts for these programs for Federal Fiscal Year 2009 is indicated after each program description below. Of the $198.2 million total, CDOT will administer $15.7 million.

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

The FTA Section 5310 formula program, administered by CDOT, provides funds for capital equipment to organizations that transport elderly persons and persons with disabilities in either urbanized or non-urbanized areas. The funds are awarded by CDOT on a statewide competitive grant application basis. $1.7 million

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

The FTA Section 5311 formula program is administered by CDOT and provides capital, operating, administrative and training assistance to organizations that provide public transportation in non-urbanized areas. The funds are awarded by CDOT to public and private non-profit transit operators on a competitive application basis. $8.4 million

USC 49-5303 - Transit Planning Assistance (Urbanized)

The FTA Section 5303 formula grant program offers transit planning funds for urbanized areas. The Section 5303 funds are distributed by CDOT to the state’s five Metropolitan Planning Organizations (MPOs) based on a formula developed in cooperation with MPOs and approved by the FTA. $1.4 million

USC 49-5313 - Transit Planning Assistance (Statewide)

The FTA Section 5304 formula grant program is administered by CDOT and can be used for a variety of non-operating transit purposes, including transit planning, training, and special studies, primarily for non-urbanized areas and for statewide projects. The funds are awarded by CDOT on a competitive basis. $0.3 million

USC 49-5307 - Formula Funding for Urbanized Areas

The FTA Section 5307 formula grant program offers funds to large urbanized areas for capital expenses and to small urbanized areas for both capital and operating expenses. Section 5307 funds are awarded directly to designated recipients in those urbanized areas and are administered by the FTA, not by the State. $59.5 million.

USC 49-5309 - Discretionary Capital Grant Program

The Section 5309 discretionary grant program is designed to offer assistance for capital equipment and facilities. These funds are made available primarily by means of Congressional earmarks, so the following amounts are estimates based on requests and past history. The program has three distinctive components: New Starts, Bus and Bus Facilities, and Fixed Guideway Modernization.

- The New Starts portion, which is available for qualified fixed guideway transit projects, has provided significant funding to the RTD for its light rail projects. RTD has requested funding for the West Corridor projects. $103.7 million
- The Bus and Bus Facilities portion of Section 5309 has been provided to Colorado transit systems through a cooperative arrangement between the Colorado Congressional delegation and the Colorado Transit Coalition, which is coordinated by the Colorado Association of Transit Agencies (CASTA). A statewide earmark has been established for buses and bus facilities. $12 million
- The Fixed Guideway Modernization portion is awarded to RTD for upkeep of its rail system, based on a formula. $5.4 million

USC 49-5316 - Job Access and Reverse Commute (JARC) Formula Grants

The FTA Section 5316 JARC formula grant program provides competitive grants for job related transportation services for low income persons. This program was changed from a discretionary program to a formula program in the SAFETEA-LU reauthorization bill. About 57% of the funding is available directly to large urbanized areas. CDOT administers the remaining 43%, with 27% set aside for small urbanized areas and 16% for non-urbanized areas. The funds are awarded on a competitive basis. $0.8 million

USC 49-5317 - New Freedom Program

The Section 5317 New Freedom formula grant program provides public transportation services and alternatives to individuals with disabilities, beyond those required by the Americans with Disabilities Act, particularly for transportation to jobs and employment support services. The funds are awarded in the same manner described above for the Section 5316 JARC program. $0.5 million

USC 49-5311 (c)(1) - Tribal Program

This new program awards transit funds <u>directly</u> to Tribal governments. It responds to Tribal governments' concern that they should be able to contract directly with the Federal government rather than with states. These funds are being awarded by the FTA directly to Tribal governments on a nationwide competitive basis.

USC 49-3021 Alternative Transportation in Parks and Public Lands

This new discretionary grant program provides capital and planning funds for alternative transportation systems in parks and public lands. Federal land management agencies and

State, tribal and local governments acting with the consent of a Federal land management agency are eligible recipients. These funds are awarded directly by the FTA on a nationwide competitive basis.

USC 49-4014 - Safe Routes to School Program - FHWA

This new program, provided through the **Federal Highway Administration**, rather than FTA, and are administered by CDOT, provides formula funding to the states for projects that increase walking and bicycling to K through 8 schools. Funds are awarded on a statewide competitive grant application basis. $1.8 million

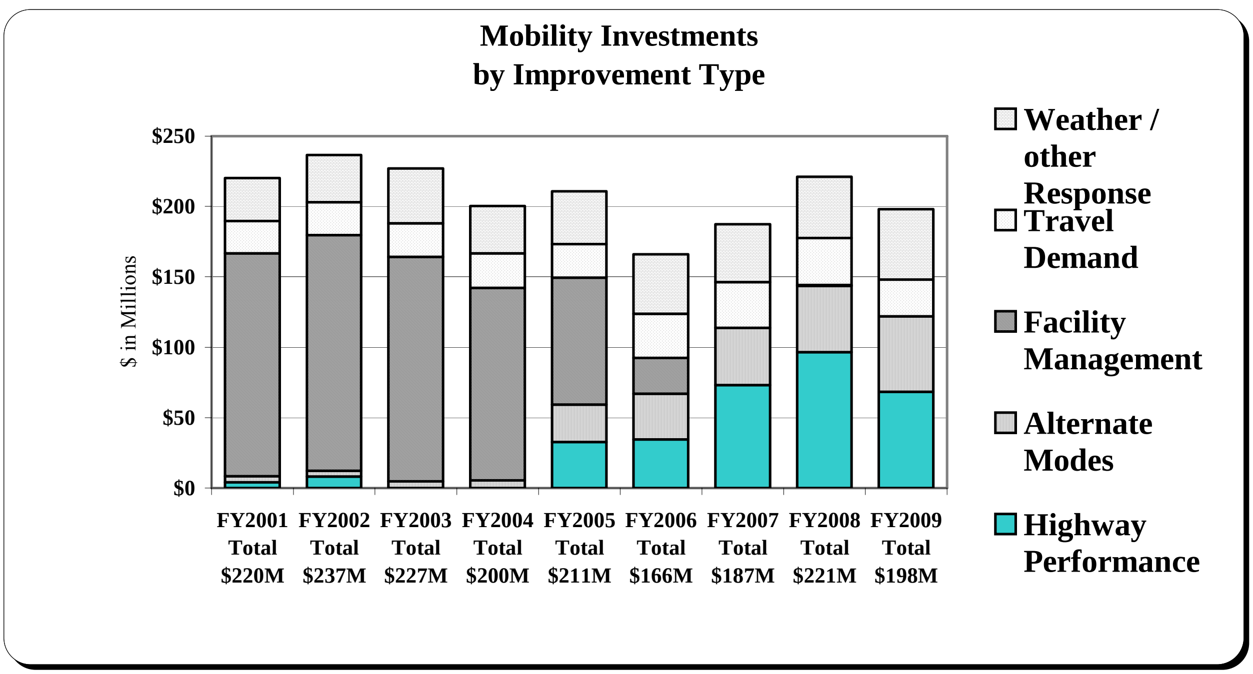
TRANSIT STATE FUNDS

Pursuant to H.B. 02-1310, 10% of S.B. 97-001 funds are set aside for transit purposes. The Transportation Commission appointed a Task Force in 2006 charged with developing a 5-year strategic investment program for transit. The Task Force established a project selection and prioritization process, accepted and scored applications and then recommended a five-year (2006-2010) list of projects to the Commission. The Commission approved the list and has been providing funds for the projects, based on score and year of need, as the funds become available.

Funding for the program is exceeding the initial projections of $65 million. It is expected that nearly all projects approved for 2006-2010 funding will be funded by the end of FY 08. Therefore, no projects have been identified for award of the $13.0 million projected for FY 09. A new call for projects will be issued in 2008 for the additional funds that are projected to become available.

CDOT's Investment in Mobility

This Graph Compares Allocation of Funds for FY 2001–FY 2009 Utilizing the Original Budget for Each Fiscal-Year



PROGRAM DELIVERY INVESTMENT CATEGORY

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

ADMINISTRATION - *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 (mandated by federal law), special activities, accounting, administrative services, building operations, management systems, personnel (which includes rules interpretation, training, risk management and benefits), procurement, insurance, legal, and central data processing (Section 43-1-113(2)(a)(III), C.R.S.). Although subject to the legislative appropriation process, this section is still funded from the State Highway Fund (SHF), which is the Department's allocated share of the Highway Users Tax Fund (HUTF), classified as Cash Funds (CF), with no appropriation from the State General Fund.

The administrative function includes the oversight of over 1,600 projects, and a highway maintenance program of $230.9 million. These offices and divisions handle the administrative functions such as accounting, budgeting, auditing, personnel, information systems, public relations, facilities management, and printing.

By statute (Section 43-1-113(6)(a), C.R.S.), 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 2006 – 2.8%, FY 2007 – 2.4%, FY08 – 2.3% and FY09 – 2.7%. These percentages include a unit 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 with 13.0 FTE, and a portion of the Motor Pool dealing with vehicles from other state agencies with 2.0 FTE, are the only Administration ICF at $2,072,218 and their 15.0 FTE are part of the 226.2 FTE total. The total includes 6.5 FTE from FY2009 Decision Items approved by the General Assembly.

Miscellaneous administration expenses appropriated by the General Assembly include portions of: 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 and Administration determines general insurance premiums rates, 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, with payments split between the Administration and Construction & Maintenance lines. 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 normally charged directly to specific projects or indirectly against all projects (based upon the activity or activities benefiting all projects). Project/program support units include portions of 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. When the specific project has federal funding, part of these direct or indirect project costs are also federally funded.

ENGINEERING

This Program involves a multitude of activities in preparation for, and construction of, highway projects. Activities include everything from preparing project plans (design work), to obtaining rights-of-way, clearing utilities, and obtaining environmental clearances. The program also includes the construction phase. Typical construction phase activities include: testing and monitoring the statewide usage of various materials used for construction; 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 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

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 leads to a long-range multi-modal transportation plan and the transportation improvement program (TIP) 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. It then evaluates how effective the methods were in solving the problem. If a solution is effective, it is shared with the cities and counties. In addition, this branch 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 manages several major corridor/major investment studies along the Front Range and SH 82. The last major emphasis area this branch deals with is pavement management. The pavement management system collects annual pavement conditions and forecasts resource needs.

The following three items are mandated costs beyond the control of the Transportation Commission, but utilize funds that would otherwise be available for constructions.

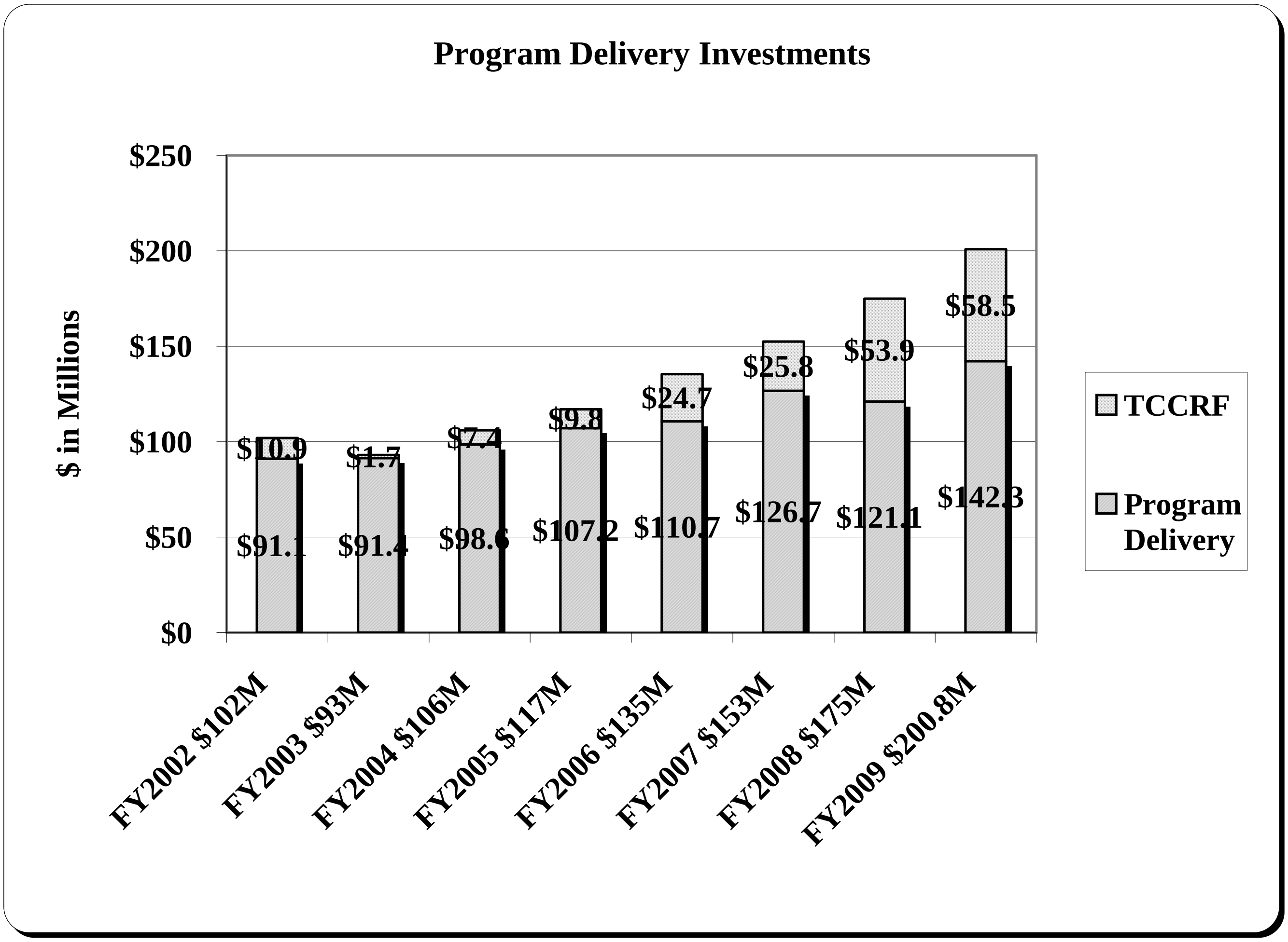
- **HAZARDOUS MATERIALS REMEDIATION**
  The Hazardous Materials Clean-up Program is an ongoing operation to test and remediate (remove and clean up) underground storage tanks and Materials Lab (MTL) contamination on CDOT property throughout the State. The underground fuel tank remediation is partly reimbursable from an external health agency fund. This program is necessary to comply with State and federal law. For FY 2009, the total program funding is **$1,440,000**.

- **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. The agency's loss record is pooled with all other State agencies to share the State's overall experience, spread the cost, and protect all agencies against catastrophic cost increases. FY 2009, CDOT is being assessed **$6,485,438.**

- **DIVISION OF PARKS – *COLORADO DEPT. OF NATURAL RESOURCES***
  By statute (CRS 33-10-111(4)), the Division of Parks and Outdoor Recreation (DPOR), in the Colorado Department of Natural Resources, may request funding from the State's (i.e., CDOT'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 2009, which is transferred directly to DPOR by the State Treasurer and thus will reduce CDOT's receipts from the HUTF.

Program Delivery

This graph compares the budgeted funds for FY2001 – FY2009



A portion of Program Delivery is actually the Transportation Commission Contingency Reserve Fund (TCCRF). The Commission establishes an initial contingency reserve, which is subsequently distributed to the other Investment Categories for projects, maintenance or other unforeseen purposes that arise during the fiscal year. In the event there are few emergencies, some of the fund is available for funding projects.

Of the FY 2009 TCCRF, $10.3 million is reserved for the Maintenance Incentive Roadway Transfer Program, which provides for payments to cities or counties that contract to take over the ownership, and thus the maintenance responsibility of specifically identified State roadways and right-of-way. Such contracts are approved only after an extensive evaluation process for each such request.

CONSTRUCTION
Affects All Investment 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, bridge deterioration, air quality, etc. Projects are selected and prioritized by local officials through a statewide planning process.

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 funds are passed through to other governmental entities. However, due to anticipated Federal and State revenue reductions in FY 2009, the Transportation Commission determined to prioritize Maintenance activities rather than to provide historical levels of funding to the Construction Program. This results in little or no funding available for construction projects in FY 2009.

STRATEGIC 28 PROJECTS - Affects All Investment Categories

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 based on the overall visibility, cost and return on investment of the project in addressing on-going needs of safety, mobility and reconstruction for the public. The primary objectives of the Strategic 28 Priority Projects were 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, 19 of the 28 projects have been either completed or the Commission has met the funding target initially established for the project.

This program focuses transportation resources on a series of project corridors of Statewide 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 Long Range Plan and the approved STIP.

Pursuant to H.B.99-1325, the proceeds from TRANS are dedicated toward this program, as well as any funds received pursuant to S.B. 97-001. The Commission has also elected to appropriate $65.2 million of its funds to the completion of these projects and meeting debt service obligations on the TRANs bonds in FY 2009.

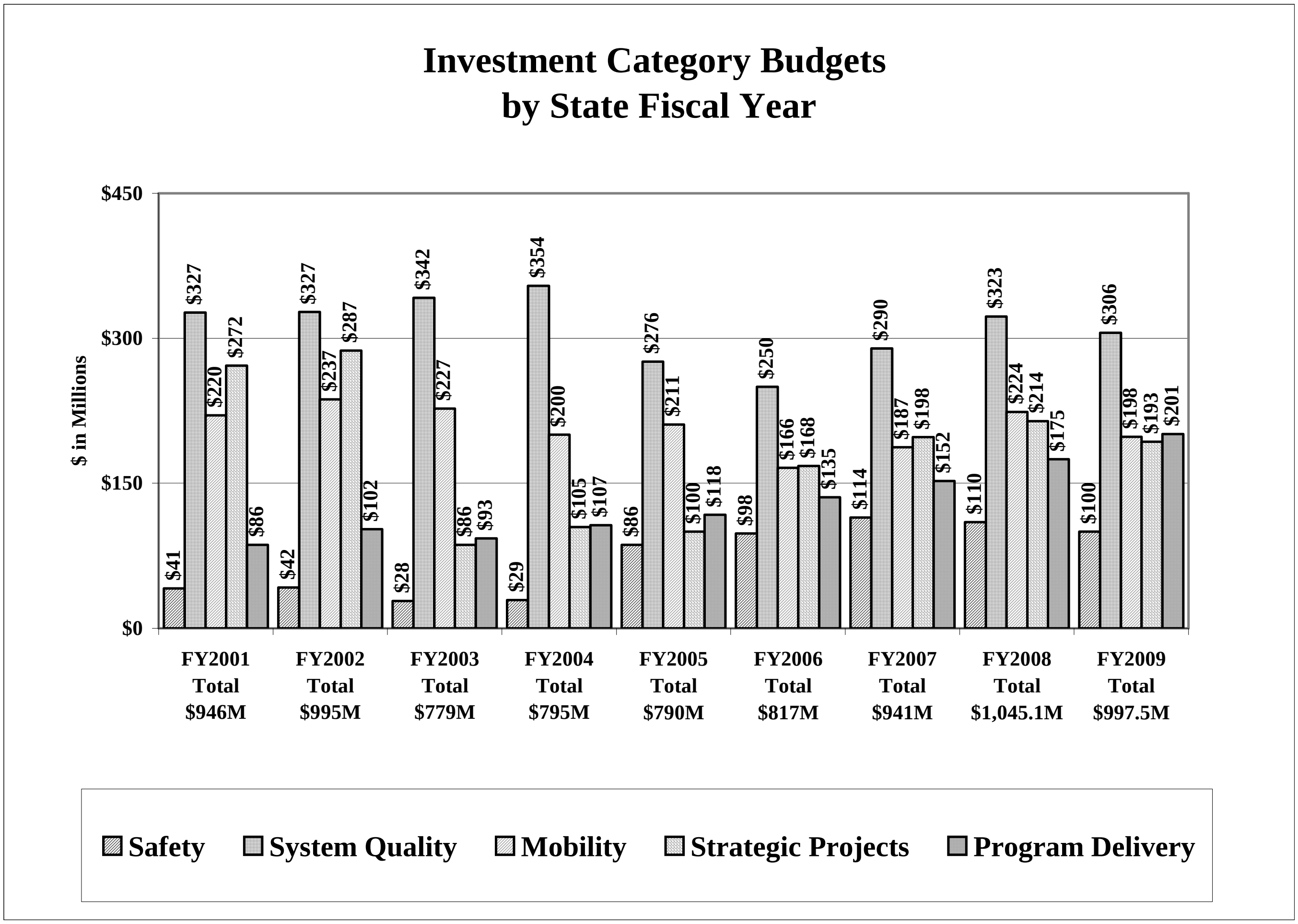
(Map, status and list of Strategic Projects in Appendix A)

CDOT REGIONAL PRIORITIES - Affects All Investment Categories

The Department's Regional Priorities Program includes such items 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 have high statewide and/or regional priority. They are also contained in the approved 20-Year Statewide Transportation Long Range Plan and the approved STIP.

There is little funding remaining for this program once the other designated funding programs have been addressed. Thus, in most Regions there is just enough available to match federal earmarks.

CDOT BUDGET HISTORY
BY INVESTMENT CATEGORIES
& STRATEGIC PROJECTS



STATEWIDE TOLLING ENTERPRISE

H.B. 02-1310 and S.B. 02-179 (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 (STE) under the control of the Transportation Commission. The STE operates as a government-owned business within CDOT and as a division of CDOT. The enterprise exists 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, known as the “Tolling Enterprise Board.” The Transportation Commission, by resolution, created the Statewide Tolling Enterprise on August 15, 2002. The authority is granted enterprise status as long as it 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 combined.

The legislation also 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 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 special revenue 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 Board 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 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.

To date, the Transportation Commission has authorized transfers to the Tolling Enterprise totaling $7 million. These funds were for start-up costs of the enterprise.

The Tolling Enterprise opened its first project, the North I 25 HOV/ *Express Lanes,* to the public in June of 2006. The HOV/tolled *Express Lanes* maximize the efficiency of HOV lanes. HOV/*Express Lanes* allow those who drive alone (also known as "single occupant vehicles") to use the HOV/*Express Lanes* if they pay a toll. As the HOV lanes currently have excess space, there is room for additional vehicles without any travel time impacts to carpoolers who use these lanes without paying a toll. However, those who drive alone will now have the option of paying a toll. The project includes seven miles of the I-25 HOV lanes, between Downtown Denver and US 36. Revenues from this first project now fully fund its operations and have begun to repay the transfer of funds authorized by the Transportation Commission.

COLORADO DEPARTMENT OF TRANSPORTATION
FY 2008-2009 BUDGET

APPENDIX A

STRATEGIC 28 PROJECTS

MAP

STATUS REPORT

&

PROJECT INFORMATION

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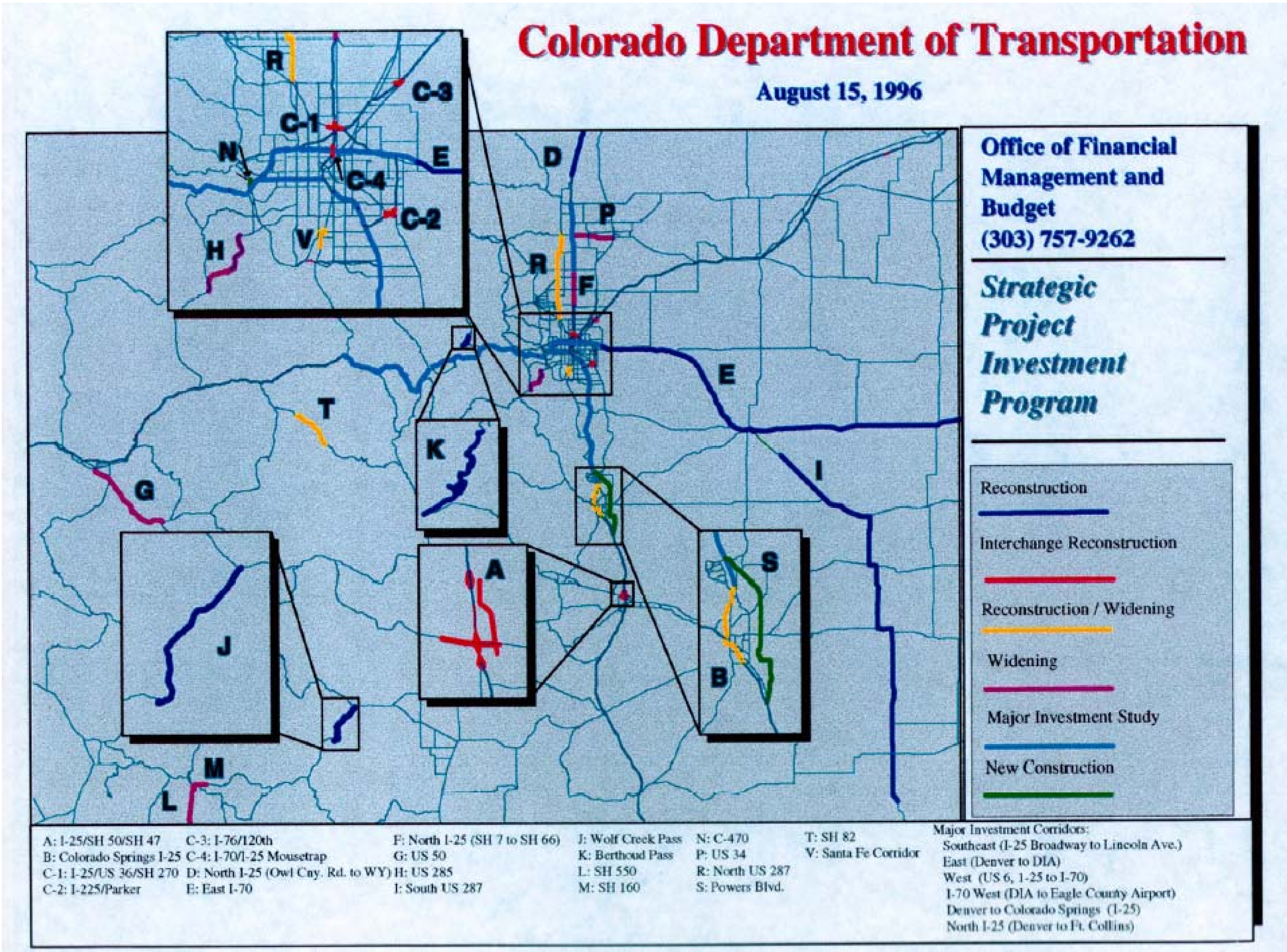

Colorado Department of Transportation
August 15, 1996
Office of Financial Management and Budget
(303) 757-9262
Strategic Project Investment Program
Reconstruction
Interchange Reconstruction
Reconstruction / Widening
Widening
Major Investment Study
New Construction
A: I-25/SH 50/SH 47
B: Colorado Springs 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)

Updated Status of 28 Strategic Corridors
as of March 27, 2008
(Constant 2000$)
$ in thousands

Corridor	PROJECT LOCATION	Strategic Corridor Project Total TC Commitment	Budgeted To Date	Uninflated Remaining Cost to Complete	Percent Funded	Remaining Cost to Complete in FY09 Dollars
SP4001	I-25/US 50/SH 47 Interchange	$70,737	$70,737	Complete	100%	$0
SP4002	I-25, S. Academy to Briargate	$186,894	$179,657	Complete	96%	$0
SP4003	I-25/US 36/SH 270	$146,448	$146,448	Complete	100%	$0
SP4004	I-225/Parker Rd.	$86,169	$86,136	Complete	100%	$0
SP4005	I-76/120th Ave.	$40,814	$40,393	Complete	99%	$0
SP4006	I-70/I-25 Mousetrap Reconstruction	$101,272	$100,980	Complete	100%	$0
SP4007	I-25, Owl Canyon Rd. to Wyoming	$28,846	$28,846	Complete	100%	$0
SP4008	East I-70, Tower Rd. to Kansas	$123,672	$123,521	Complete	100%	$0
SP4009	North I-25, SH 7 to SH 66	$77,883	$76,063	Complete	98%	$0
SP4010	US 50, Grand Junction to Delta	$67,117	$65,668	Complete	98%	$0
SP4011	US 285, Goddard Ranch Ct. to Foxton Rd.	$60,165	$60,165	Complete	100%	$0
SP4012	South US 287, Campo to Hugo	$184,232	$152,142	$32,090	83%	$58,821
SP4013	US 160, Wolf Creek Pass	$67,276	$67,276	Complete	100%	$0
SP4014	US 40, N. City Limit of Winter Park to South of Berthoud Pass	$66,328	$66,328	Complete	100%	$0
SP4015	US 550, New Mexico State Line to Durango	$48,819	$46,224	$2,595	95%	$4,757
SP4016	US 160, Jct. SH 3 to Florida River	$60,068	$54,764	$5,304	91%	$9,722
SP4017	C-470 Extension	$18,498	$18,498	Complete	100%	$0
SP4018	US 34, I-25 to US 85	$15,725	$15,725	Complete	100%	$0
SP4019	US 287, Broomfield to Loveland	$86,305	$86,143	Complete	100%	$0
SP4020	Powers Blvd. in Colorado Springs	$217,906	$118,584	$99,322	54%	$182,057
SP4021	SH 82, Basalt to Aspen	$208,501	$208,501	Complete	100%	$0
SP4022	Santa Fe Corridor	$7,755	$7,755	Complete	100%	$0
SP4023	Southeast MIS: I-25, Broadway to Lincoln Ave.	$648,861	$648,860	Complete	100%	$0
SP4024	East Corridor MIS	$74,000	$17,135	$56,865	23%	$104,234
SP4025	West Corridor MIS	$74,000	$5,243	$68,757	7%	$126,032
SP4026	I-70 MIS: DIA to Eagle County Airport	$1,102,191	$104,659	$997,532	9%	$1,828,476
SP4027	I-25 South Corridor MIS: Denver to Colorado Springs	$522,522	$284,282	$238,240	54%	$436,694
SP4028	I-25 North Corridor MIS: Denver to Fort Collins	$308,988	$157,123	$151,865	51%	$278,369
SP5497	Environmental Streamlining Fund	$1,683	$1,683	$0	100%	$0
	Totals	**$4,703,674**	**$3,039,539**	**$1,652,570**	**65%**	$3,029,161
	Inflated Remaining to Budget in FY 2009 dollars			**$3,029,161**		

STRATEGIC 28 CORRIDORS
"7th POT" PROJECTS

<u>Projects Already/Nearly Complete, or Fully Funded</u>:

- **I-25/US 50/SH 47 Interchange**
- **I-25, S. Academy to Briargate**
- **I-25, Owl Canyon Rd. to Wyoming**
- **C-470 Extension**
- **US 34, I-25 to US 85**
- **Santa Fe Corridor Light Rail**
- **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**
- **TREX – Transportation Expansion Project I-25 and I-225**
- **US 287 – Broomfield to Loveland**
- **US 50 - Grand Junction to Delta**
- **US 40 – Berthoud Pass and in Winter Park**
- **US 160, Wolf Creek Pass**
- **I 25/ US 36/ SH 270**

<u>REMAINING PROJECT DESCRIPTIONS</u>: *

US 287 – Campo to Hugo - (83% funded)
Resurfaces 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.

US 550 – New Mexico State Line to Durango - (95% funded)
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 - (91% funded)
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 are also be needed for the project. The project will address congestion and an accident rate, twice the state average.

Powers Boulevard – Colorado Springs - (54% funded)
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 become the largest county in Colorado, 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.

I-70 West – Denver to Eagle County MIS/EIS – (9% funded)
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 Denver to Colorado Springs MIS – (54% funded)
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. This corridor also consists of various safety and capacity improvements in the 25.5-mile section between State Highway 105 at Monument to South Academy Boulevard in Colorado Springs.

* % of financial obligation funded as of March 2008

I-25 North Denver to Fort Collins MIS – (51% funded)

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 – (15% funded)

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.

* % Funded as of March 2008

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COLORADO DEPARTMENT OF TRANSPORTATION
FY 2008-2009 BUDGET

APPENDIX B

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)

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The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was enacted August 10, 2005, as Public Law 109-59. SAFETEA-LU authorizes the Federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009. With guaranteed funding for highways, highway safety, and public transportation totaling $244.1 billion, SAFETEA-LU represents the largest surface transportation investment in our Nation's history. The two landmark bills that brought surface transportation into the 21st century, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and the Transportation Equity Act for the 21st Century (TEA-21), shaped the highway program to meet the Nation's changing transportation needs. SAFETEA-LU builds on this firm foundation, supplying the funds and refining the programmatic framework for investments needed to maintain and grow our vital transportation infrastructure. SAFETEA-LU addresses the many challenges facing our transportation system today, such as improving safety, reducing traffic congestion, improving efficiency in freight movement, increasing intermodal connectivity, and protecting the environment; as well as laying the groundwork for addressing future challenges. SAFETEA-LU promotes more efficient and effective Federal surface transportation programs by focusing on transportation issues of national significance, while giving State and local transportation decision makers more flexibility for solving transportation problems in their communities. SAFETEA-LU continues the TEA-21 concept of guaranteed funding, keyed to Highway Trust Fund (Highway Account) receipts. In essence, the guaranteed amount is a floor, defining the least amount of the authorizations that may be spent. Federal-aid Highway program (FAHP) authorizations in SAFETEA-LU total $193.1 billion (net of an $8.5 billion rescission scheduled for September 30, 2009). Adding in the $100 million per year authorized in title 23 for Emergency Relief, authorizations for the FAHP total $193.6 billion. Within total authorizations, the amount guaranteed for the FAHP is estimated to be $193.2 billion.

SAFETEA-LU establishes an annual obligation limitation, for the purpose of limiting highway spending each year. The highway obligation limitation applies to all programs within the overall Federal-aid highway program except Emergency Relief, $639 million per year of the Equity Bonus, and funds for certain projects in legislation before 1998. A portion of each year's limitation is reserved, or set aside, for administrative expenses and certain allocated programs, with the balance of the limitation being distributed to the States. Limitation set aside each year for certain programs: High Priority (demonstration) Projects, the Appalachian Development Highway System, Projects of National and Regional Significance, National Corridor Infrastructure Improvement program, Transportation Improvements, designated bridge projects, and $2 billion of the Equity Bonus, does not expire if not used by the end of the fiscal year, but instead is carried over into future years. The portion of the limitation set aside for research and technology programs may also be carried over, but only for three years.

Beginning in FY 2007, authorizations for Federal-aid highway and highway safety construction programs funded from the Highway Account of the Highway Trust Fund and the Motor Carrier Safety Assistance Program (MCSAP) will be adjusted whenever the highway firewall amount is adjusted to reflect changed estimates of Highway Account receipts. The additional authorizations are called RABA because they serve to align budget authority with the revised revenue. The adjustments to authorizations will be made in the same amounts and in the same years as the adjustments to the firewalls. If the adjustment is an increase, a portion of the increase in authorizations is reserved for the Federal-aid highway and highway safety construction programs allocated by the Secretary of Transportation, programs that are not apportioned by statutory formula, and for the Motor Carrier Safety Assistance Program. The remainder of the increased funding is distributed to the States proportional to their shares of Federal-aid highway and highway safety construction apportionments from the Highway Account. If the RABA is positive for 2007, the first call on the additional funds will be to increase States' return on contributions to the Highway Account of the Highway Trust Fund to 92%. A negative adjustment (reduction) is possible, but only if, as of October 1 of that year, the balance in the Highway Account is less than $6 billion.

Colorado High Priority Projects

Formula Funds

US 160, East of Wolf Creek Pass	* $ 21.0 million
Powers Boulevard & Woodman Road Interchange	* 16.0
North I-25, Denver to Fort Collins	* 16.7
56th Avenue & Quebec Street Improvements, Phase I	* 14.2
US 287 – Ports-to-Plains Corridor	* 13.1
Roadway widening/interchange rebuilding I-225 (I-70 to Parker Road)	* 12.0
US 50 East, State Line to Pueblo	* 11.0
I-70 & SH 58 Interchange	* 11.0
Improvements on US 36 corridor from I-25 to Boulder	* 10.1
I-25 Improvements – Arapahoe County Line to El Paso County Line	9.8
I-76, Colorado's Northeast Gateway	* 9.1
Construction/architectural improvements - Grandview Grade Separation	* 7.0
Construction of US 24, Tennessee Pass	* 6.8
US 160, SH 3 to East of Florida River	* 6.8
Construct arterial on W side of Montrose (N/S of city)	6.0
I-70 West Mountain Corridor, Denver to Garfield County	* 6.2
Glenwood Springs South Bridge	5.2
SH 83-SH 88 Interchange Reconstruction (Parker & Arapahoe)	* 5.2
Dillon Drive Overpass at I-25 in Pueblo	* 5.2
Reconstruct C-470 – US 85 Interchange	* 5.2
US 550, NM State Line to Durango	4.8
I-25 & Highway 16 (Fort Carson)	5.0
Heartland Expressway Improvements	5.0
I-70 Havana, Yosemite Street Interchange Reconstruction	* 4.2
Design & build a multimodal corridor on US 36	4.0
I-70 East Multimodal Corridor	* 4.0
Construct Wadsworth Interchange over US 36 in Broomfield	* 3.6
SH 121 – Bowles Ave Intersection & Roadway Improvements	* 3.6
Improve & widen SH 44 from Colorado Blvd to SH 2	3.2
Denver Union Station Renovations	3.0
E 104th & US 85 Intersection	* 1.7
Bromley Lane & US 85 Interchange feasibility study & construction	* 1.7
Construction of McCaslin Blvd & US 36 Interchange in Superior	0.8
	TOTAL $242.2 million

* Multiple earmarks in the bill. Figure stated is total.
The totals don't include the annual reduction for obligation authority.

Following are additional categories for earmarks in the bill. These categories are funded outside formula funding.

PROJECTS OF NATIONAL & REGIONAL SIGNIFICANCE

Denver Union Station	$50.0 million

NATIONAL CORRIDOR INFRASTRUCTURE IMPROVEMENT PROGRAM

US 287, Ports-to-Plains Corridor	$ 3.0 million

TRANSPORTATION IMPROVEMENTS

Improvements to Highway 50 from Las Animas to Lamar	$ 12.0 million
Improvements to C470 & US 85 Interchange	4.0
Improvements to Highway 16 & I-25 Interchange (Ft. Carson)	3.0
Improvements to I-70/Havana/Yosemite Interchange	3.0
Improvements to Pecos Street Overpass (Adams County)	3.0
Improvements to Wadsworth & US 36 Interchange in Broomfield	2.0
Improvements to Highway 34 & I-25 Interchange (Loveland/Greeley Exit)	2.0
Improvements to US 50 & Highway 115 (safety improvements)	2.0
Improvements to Highway 392 & I-25 (Windsor Exit)	2.0
Improvements to Bromley Lane & US 85 Interchange	1.0
Improvements to US 285 & Deer Creek Interchange	1.0
Improvements to 104th & US 85 Intersection	1.0
Improvements to Glenwood Springs Bridge	1.0
TOTAL	**$ 37.0** million

Total Project Earmarks $ 332.0 million

The totals don’t include the annual reduction for obligation authority.

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COLORADO DEPARTMENT OF TRANSPORTATION
FY 2008-2009 BUDGET

APPENDIX C

STRATEGIC PLAN

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STRATEGIC PLAN

FOR

FISCAL YEAR 2009

VISION

To enhance the quality of life and 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.

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.

Mission, Vision and Investment Categories and Objectives as adopted by the Transportation Commission
December 14, 2006

Overview of the Investment Strategy Framework
For the Colorado Department of Transportation

The Transportation Commission developed the Investment Strategy Framework to provide a better opportunity to use resources more effectively and efficiently. There are several key components of the framework that enable the alignment of CDOT's work activities to its organizational priorities as established by the Transportation Commission.

The purpose of the framework is to assist CDOT in establishing priorities, assure that these priorities are being implemented, resulting in better service for the traveling public and improved accountability to the general public . A strategic framework (i.e., strategic plan) must be flexible and practical and yet serve as a guide to implementing programs, evaluating how these programs are doing, and making adjustments when necessary. As such there is a review of goals, objectives and system performance as part of the long range planning process and the annual budget process.

A key to successful strategic planning is having performance measures that give accurate and timely information. The ultimate aim of implementing a measurement system is to improve the organizational performance of CDOT resulting in an improvement in system performance. CDOT intends to use performance measures to continually evaluate progress towards accomplishing its goals and objectives, by determining where improvements can be made in its process, and readjusting work activities accordingly.

The Commission has identified the following four (4) major business functions, called investment categories:

- **Safety** – Services, programs and projects that reduce fatalities, injuries and property damage for all users and providers of the system.
- **System Quality** – Activities, programs and projects that maintain the physical (integrity/condition) function and aesthetics of the existing transportation infrastructure.
- **Mobility** – Programs, services and projects that enhance the movement of people, goods and information.
- **Program Delivery** – Functions that enable the successful delivery of CDOT's programs, projects and services.

  (Originally a fifth investment category was defined as Strategic Projects. Since all strategic projects impact system performance in the areas of safety, system quality, or mobility, Strategic Projects is now being identified as a key program area that spans all investment categories.)

Each investment category has specific performance objectives and associated measures that provide the foundation for discussion on how to best invest available funds. Performance measures provide tools to relate the expenditures and work results to the policies, priorities, and goals of the Department as determined by the Transportation Commission. Performance measures are utilized on an annual basis as well as on a long range plan basis to relate expenditures and work results to the desired performance objectives (i.e., the desired end-result) for the State Highway system.

As part of the statewide transportation planning process the Transportation Commission sets long range policy direction, and allocates resources by program area to one of four Investment Categories: Safety, System Quality, Mobility and Program Delivery, as well as to the Strategic Projects Program.

In support of these Investment Categories, the CDOT Executive Management Team identified five Core Service business processes:

- **Roadway Management** – All physical elements of roadway, tunnel, and bridge maintenance activities from curb-line to curb-line (i.e., roadway edge).
- **Roadside Management** – All roadside (from curb-line [roadway edge] to edge of ROW) maintenance activities including rest areas and other off-road facilities.
- **System Operations** – All traveler information and traffic-related activities including tunnel operations and emergency/incident.
- **Snow and Ice Management** – All services and maintenance activities to keep the road open for the winter season including post-event operations and the reopening of closed roads.
- **Project Delivery** – All activities for the delivery of a transportation project from planning to construction management to final.

An Action Plan has been developed for each of the Core Services. The Action Plans identify strategies (i.e., what activities are needed to achieve the goals and objectives) and measures to assist CDOT regions, divisions and offices to align their activities to support CDOT's goals established by the Transportation Commission. The investment objectives are influenced by the allocation (appropriation) of funding by program and investment category, thus each Core Service area includes elements of each investment category.

CDOT - Transportation Investment Strategy

Investment and Program Area Summaries

I. Safety

Services, programs, and projects 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.)
C. Traffic Operations (structures w/in right-of-way, includes existing ITS/TOC)

2. System Quality

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

Goals:

- Preserve the transportation system
- Keep the 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. Eisenhower/Hanging Lakes Tunnels
G. Maintenance of Other Modes (Transit, Aviation, Rail)

3. Mobility

Programs, services and projects 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

4. Program Delivery

Functions that enable the delivery of CDOT's programs, projects 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 workforce 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

I. SAFETY

Services, programs and projects that reduce fatalities, injuries and property damage for all users and providers 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 transportation workers and the motoring public.

Goals	o To create, promote and maintain a safe and secure transportation system and work environment o Increase investment is safety and strategic projects		
#	**Objectives**	**Performance Measures**	**Reporting Frequency**
1.1	By CY 2010, reduce by 4% the total motor vehicle crash rate from CY 2002 level (CY 2002 rate is 307.1 crashes per 100 million vehicle miles of travel)	Statewide motor vehicle crash rate.	**Annual**
1.2	By CY 2010, reduce by 20% the severity and economic loss of transportation related motor vehicle crashes from CY2002 levels	Annual economic loss as a result of motor vehicle crashes	**Annual**
		Annual severity rate	**Annual**
1.3	By FY 2007, develop a CDOT homeland security plan	Completion of needs analysis and develop a Homeland Security plan	**Annual**
1.4	Within 5 Years, reduce the CDOT employee injury rate by 50% and reduce construction contractor employee fatalities (Based on average of three years of specific CDOT OSHA recordable claims data: From an average worker injury rate in FY 2004 of 9.9 to 5.0 injury accidents per 100 employees by FY 2009)	Annual worker injury rate	**Annual**
1.5	Over next 5 years, reduce worker accidents by 15% per year (Base year is FY 2004)	Annual percent reduction in workplace accident rate	**Annual**
1.6	Over next 5 years reduce the number of CDOT vehicle accidents by 10% per year (Base year is FY 2004)	Percent reduction of CDOT vehicle accidents from previous year	**Annual**
1.7	Maintain or improve the 2003 customer rating of safety-related programs and services delivery	Customer perception rating of CDOT safety programs	**Annual**

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

Activities, programs and projects that maintain the (physical integrity/condition) function and aesthetics of the existing transportation system

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.

Goals	o Cost effectively maintain the quality and serviceability of the physical transportation infrastructure o Increase investment in system quality and in strategic projects		
#	**Objectives**	**Performance Measures**	**Reporting Frequency**
2.1	Maintain or improve the CY 2003 projected good/fair condition of the state highways through CY 2010	Percent of surface condition in good, fair and poor condition	Annual
2.2	Maintain or improve the CY 2003 projected good/fair condition of the major structures through CY 2010	Percent of major structures in good, fair and poor sufficiency rating (both FO and SD)	Annual
2.3	Maintain or improve the transportation system at the adopted annual maintenance level of service grade (In the System Quality program areas)	System Quality program areas annual maintenance level of service average grade	Annual
2.4	Maintain or improve the average external customer satisfaction survey grade for the state highways drivability	Customers' average perception grade of the state highways drivability	Every 3 Years
2.5	Maintain or improve customer satisfaction grade of the state highway system's appearance	Customers' average perception grade of the state highways appearance (e.g., aesthetics, landscaping, mowing, environmental performance, etc.)	Every 3 Years

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 2006. 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

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

The activities 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 stewardship. The programs used to address these issues include highway performance program, alternate modes, facility management, travel demand management, and road closures program.

Goals	o Maintain the operational capacity of the highway system o Increase integration of the transportation system modal choices o Increase investment in mobility and strategic projects		
#	**Objectives**	**Performance Measures**	**Reporting Frequency**
3.1	Maintain or improve the 2003 customer satisfaction rating of operational services delivery	Customer perception rating of operational-related services	Annual
3.2	Reduce the growth rate through CY 2010 below projected growth rate of person miles traveled in congestion.	Congested person miles traveled	Annual-Start FY08
		Vehicle miles of travel in congested conditions	Annual
		Actual person miles traveled growth rate compared to projected growth rate in corridors of V/C $\geq$ .85	Annual-Start FY08
		Travel time delay in designated corridors (tolled and non-tolled)	Annual
		Vehicle hours of delay in designated corridors (tolled and non-tolled)	Annual
3.3	Increase of infrastructure to improve mobility for the user or increase in investment to improve mobility for the user	ITS, lane miles, access controls, or the investment increase to provide the aforementioned	Annual
3.4	Maintain the snow & ice maintenance level of service grade at the adopted annual grade	Snow & ice MLOS grade	Annual
3.5	Maintain or improve the 2003 customer satisfaction rating of transportation choices as a part of an integrated statewide transportation system	Customer perception rating of transportation choices	Every 3 Years – Next Survey 2008/9

MOBILITY - PROGRAM SUMMARIES:

Highway Performance Program

The 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 category that the Department is currently reporting separately. The remaining projects not included in the Strategic Projects category are included 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, preserving rights of ways, 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. PROGRAM DELIVERY

Functions that enable the delivery of CDOT's programs, projects and services

Although the programs and services within this investment category do not directly result in tangible transportation projects, they are the foundation for delivery of all of the other investment categories.

Goals	o Deliver high quality programs, projects and services in an effective and efficient manner o Accelerate completion of the 28 high priority statewide projects o Increase investment in strategic projects		
#	**Objectives**	**Performance Measures**	**Reporting Frequency**
5.1	Encumber all program funds within the planned quarter.	Percent of program funds encumbered by Investment Category	Annual
5.2	Deliver all programs and projects on-time and within budget.	Percent of CDOT-advertised projects delivered within 30 days of the Ad dates established on July 1st of the fiscal year	Annual
		Percent of CDOT-advertised construction projects delivered within 15% of the estimated costs shown in July 1st STIP	Annual
		Percent of final program costs delivered within the original cost Estimate from July 1 STIP to actual)	Annual
5.3	Maintain or improve customer satisfaction rating of project quality.	Customer satisfaction rating of project quality	Every 3 years, next survey 2008/9
5.4	Maintain or improve a diverse and qualified workforce that supports CDOT values.	Employee satisfaction rating with the quality of CDOT's training	Annual
		Customer satisfaction rating that CDOT employees support its values in the delivery of its programs, projects and services	Every 3 years, next survey 2008/9
		Diversity percentage in the workforce as a ratio to actual (including contracts/consultants)	Annual
5.5	Meet or exceed the Department's annual Disadvantaged Business Enterprise (DBE) goals.	Percent DBE participation	Annual
5.6	Protect the environment by mitigating adverse environmental impacts while providing effective transportation systems.	Number of environmental compliance violations	Annual

PROGRAM DELIVERY - PROGRAM SUMMARIES:

The programs have been grouped into three functional areas: Strategic Support, General Support and Program Support

Strategic Support Program

Strategic Support includes functions that set, advocate, and communicate strategic direction and policy for the Department including the Transportation Commission, Tolling Enterprise Board, Executive Office, 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.