



COLORADO
Department of Transportation
Division of Accounting and Finance

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(303)757-9793

MEMORANDUM

To: Transportation Commission (TC)
From: Herman Stockinger, Acting Chief Financial Officer
Date: August 17, 2017
Subject: Second Budget Supplement - FY 2017-18

Purpose

Department staff has prepared this budget supplement package for TC consideration and action.

The project requests included in the Supplement are consistent with the FY 2018 through FY 2021 STIP. Funds are available from the Regions' allocations unless otherwise indicated.

Per Transportation Commission direction, Emergency Relief project updates are included in the Budget Supplement.

Options and Recommendations

The TC is requested to review and provide either approval, request changes or request additional information on the items being presented in this supplement.

Transportation Commission Program Reserve Fund (TCPRF)

Division of Transportation Development

\$7,550,000 - MS4 WATER QUALITY WORK REQUIRED BY EPA - Statewide Water Quality Program - Budget Supplement to address resource assessment EPA Audit findings in the following areas as originally presented in June and July 2017. This is part one of a two year supplement request. Staff plans to submit another decision item for FY 2019 of \$3.35 million to complete the effort.

- \$3,350,000 - One-Time Diagnostic Assessment and Cleaning of Permanent Water Quality Facilities (PWQF)
- \$4,200,000 - One-Time Cost to Fix MS4 High/Medium Priority Drainage and Paving Issues at CDOT Maintenance Facilities

Please refer to the attached Statewide Water Quality Program memo for additional details.

Region 4

\$53,000,000 – US 34 Big Thompson Canyon – Flood Recovery Program – There is currently a need for an additional \$53M in order to keep the Big Thompson Canyon project on schedule. As of today there is only \$10M of obligation authority left out of the \$111.9M CDOT received in April 2017 for Flood Recovery Program work. The \$10M is not enough to keep the program running on schedule. CDOT is currently waiting on approval from FHWA of another request for an additional \$147M in Emergency Relief funding which would be used by the Flood Recovery Program. This request was submitted July 14th, 2017, but is not expected to be approved until after the federal fiscal year ends on September 30th, 2017. Due to the delay in approval, CDOT is requesting to use funding from the Transportation Commission Program Reserve Fund (TCPRF) to fund the final phase of construction on this project. Contingent upon the receipt of the additional \$147M Region 4 would pay back the \$53M to the TCPRF.

Please refer to the attached Flood Recovery Program memo for additional details.

Attachment 1: MS4 Resource Assessment memo

Attachment 2: Flood Recovery Program Funding memo

COLORADO DEPARTMENT OF TRANSPORTATION

STATE OF COLORADO

Second Supplement

Fiscal Year 2017-2018

**Dated:
August 17, 2017**

COLORADO DEPARTMENT OF TRANSPORTATION

STATE OF COLORADO

RESOLUTION NO. TC –

**“BE IT RESOLVED, That the Second Supplement to the Fiscal Year 2017-2018
Budget be approved by the Commission”**

**Transportation Commission Contingency Reserve Fund Reconciliation
Second Supplement FY 2018 Budget**

Transaction Date	Transaction Description	Amount	Balance	Reference Document
June-17	<i>Ending Balance 12S17</i>		\$81,939,976	
July-17	<i>Balance 1S18</i>		\$40,013,000	
	<i>State match for ER permanent repair projects</i>	\$ (2,078,539)		Multiple
	<i>Savings from Region 2 Project 19897</i>	\$ 21,592		1000240992
August-17	<i>Pending Balance 2S18</i>		\$37,956,053	

**Transportation Commission Program Reserve Fund Reconciliation
Second Supplement FY 2018 Budget**

Transaction Date	Transaction Description	Amount	Balance	Reference Document
July-17	<i>Balance 1S18</i>		\$83,431,059	
	<i>Diagnostic Assessment and Cleaning PWQ Facilities</i>	\$ (3,350,000)		Pending
	<i>Fix MS4 Priority Issues at CDOT Maintenance Facilities</i>	\$ (4,200,000)		Pending
	<i>US 34 Big Thompson Canyon Flood Recovery Project</i>	\$ (53,000,000)		Pending
August-17	<i>Pending Balance 2S18</i>		\$22,881,059	

**Transportation Commission Contingency Snow & Ice Fund Reconciliation
Second Supplement FY 2018 Budget**

Transaction Date	Transaction Description	Amount	Balance	Reference Document
	<i>FY18 Budget Allocation</i>	\$10,000,000		1000240904
July-17	<i>Balance 1S18</i>		\$10,000,000	
August-17	<i>Balance 2S18</i>		\$10,000,000	

**Transportation Commission Contingency RAMP Reserve
Second Supplement FY 2018 Budget**

Transaction Date	Transaction Description	Amount	Balance
June-17	<i>Rollforward Balance 12S17</i>		\$119,839
July-17	<i>Balance 1S17</i>		\$119,839
August-17	<i>Balance 2S17</i>		\$119,839

Transportation Commission Contingency Reserve Fund
Emergency and Permanent Repairs-Nonparticipating costs and state match

September 11, 2013 Flood Related Monthly Activity

Reg	State Highway	Mileposts	Project Description	County	Total Budget TCCRF
4	060B	11.380 - 12.040	Replace Bridges on SH257 and SH 60	Weld	\$ (34,420)
4	060B	11.380 - 12.040	Replace Bridges on SH257 and SH 60	Weld	\$ (1,858,680)
4	014B	102.000 - 120.000	US 287 and SH 14 Rebuild Road, Redress Shoulder, Drainage, and Seeding	Larimer	\$ (1,721)
4	287C	354.994 - 355.056	US 287 NW of Fort Collins Embankment Repair	Larimer	\$ (183,718)
Total					<u>\$ (2,078,539)</u>

Spring 2015 Flood Related Monthly Activity

Reg	State Highway	Mileposts	Project Description	County	Total Budget TCCRF
Total					<u>\$ -</u>

Grand Total TCCRF Activity for Emergency Relief Since Last Reporting

\$ (2,078,539)



FY 2017-2018 Contingency Reserve Fund Balance Projection (TCC)		
July TC Contingency Balance	\$40,013,000	
State match for ER permanent repair projects	(\$2,078,539)	
Savings from Region 2 Project 19897	\$21,592	
Pending August TC Contingency Reserve Balance	\$37,956,053	
Projected Outflow:	Low Estimate	High Estimate
State Match for Emergency Relief/Permanent Recovery	(\$2,000,000)	(\$5,000,000)
State Match for Spring 2015 Floods	\$0	(\$2,500,000)
Projected FY 2017-2018 YE Contingency Balance	\$35,956,053	\$30,456,053
TCCRF Surplus (Deficit) to Reach \$40M Balance July 1, 2018	(\$4,043,947)	(\$9,543,947)

FY 2017-2018 Program Reserve Fund Balance Projection		
July TC Contingency Balance	\$83,431,059	
Diagnostic Assessment and Cleaning PWQ Facilities	(\$3,350,000)	
Fix MS4 Priority Issues at CDOT Maintenance Facilities	(\$4,200,000)	
US 34 Big Thompson Canyon Flood Recovery Project	(\$53,000,000)	
Pending August TC Program Reserve Fund Balance	\$22,881,059	
Projected Outflow:	Low Estimate	High Estimate
FY17-18 Estimated Misc TCCRF Funding Requests	(\$22,000,000)	(\$22,000,000)
Right of Way Acquisitions-US85, Union Pacific Rail	(\$27,100,000)	(\$34,900,000)
TSM&O FY18 Budget Request	(\$15,426,706)	(\$15,426,706)
RoadX Connected Vehicle Ecosystem	(\$5,000,000)	(\$7,000,000)
Projected Inflow:	High Estimate	Low Estimate
US 34 Big Thompson Canyon Flood Recovery Project	\$53,000,000	\$0
FHWA Federal Redistribution, Revenue Reconciliation, Roll Forwards	TBD	TBD
Projected FY 2017-2018 YE Contingency Balance	\$6,354,353	(\$56,445,647)



DATE: August 17, 2017
TO: Transportation Commission
FROM: Debra Perkins-Smith, Director, Division of Transportation Development (DTD)
SUBJECT: MS4 Program Resource Assessment Supplemental Budget Request

Purpose

As presented to the Transportation Commission over the past two months, this budget supplement will cover identified resource gaps for implementing the Municipal Separate Storm Sewer System (MS4) Program Resource Assessment in order to improve compliance and address the EPA audit findings.

Action

Budget Supplement approval requested.

Background

As discussed at the Transportation Commission Workshop in June, CDOT holds an MS4 Permit which has been audited by EPA. Two of the 17 findings by EPA addressed a concern that CDOT may not be allocating the proper resources to adequately comply with CDOT's MS4 Permit. CDOT staff conducted a resource assessment of the water quality program and identified a few gaps and some strategies to cover those gaps. These strategies were brought to the Transportation Commission for consideration over the past two months and included reallocation of resources, as well as adding additional resources including funding, to address these gaps. To address one of the two EPA findings regarding resource allocation, CDOT needs to "allocate adequate funding . . . to ensure long-term maintenance of PWQFs" by 12/31/2017 (see #1 below). The other finding is about overall stormwater management program resource needs and a gap was found regarding maintenance facility drainage and paving repairs (see #2 below). With the Transportation Commission's funding approval (\$7.55 million in FY 2017-2018, with an additional \$3.35 million in FY 2018-2019) in response to this resource assessment, we can show EPA that we are meeting these findings in a timely manner. The work resulting from the funding would start as soon as possible and will be accomplished within the current permit term (July 2020). CDOT must show EPA that these resources are committed for ensuring and improving MS4 permit compliance. Those funding strategies were discussed in July to obtain Commission direction prior to requesting a Supplemental Budget action.

There are approximately 817 Permanent Water Quality Facilities (PWQFs) treating CDOT MS4 discharges statewide. CDOT is responsible for the direct maintenance of 574 sites, with 243 the responsibility of local agencies but CDOT has to ensure this maintenance is completed. CDOT's MS4 PWQFs include:

- Region 1 - 492 (338 CDOT maintained)
- Region 2- 175 (166 CDOT maintained)
- Region 3 - 98 (59 CDOT maintained)
- Region 4 - 26 (11 CDOT maintained)
- Region 5 - 26 (0 CDOT maintained)

Details

While not a new cost, the EPA Audit identified the need for CDOT to do a better job on the maintenance of existing PWQFs. Additionally, there were a number of PWQFs that previously had been left out of the inventory. Since no one knew about them, it is likely that they have not been maintained and will require heavy duty maintenance. The staff has recommended that an initial one-time diagnostic assessment and cleaning of these PWQFs be conducted to bring them up to compliance standards expected by EPA. The annual cleaning after that will be at a lower cost level.

1. **One-Time Diagnostic Assessment and Cleaning of PWQFs** - This diagnostic assessment, cleaning and/or identification of PWQF redesign needs would be conducted for all 817 current PWQFs. Diagnostic cleaning includes an assessment and cleaning of these possibly long-neglected facilities where the effort could be much greater than a regular annual cleaning once these are brought back to an operational level. However, some of these facilities may have redesign needs to correct lack of access for cleaning, or to correct design



flaws affecting flows within or through these facilities; these redesign needs will be identified during this diagnostic effort.

Cost - The outsourcing of diagnostic cleaning (inspections and work needed are identified by specially trained maintenance personnel) will cost approximately \$6.7 million, and can be spread across FY 2017-2018 (\$3.35 million) and FY 2018-2019 (\$3.35 million).

2. **One-Time Cost to Fix MS4 High/Moderate Priority Drainage and Paving Issues at CDOT Maintenance Facilities** - Facility rankings are based on a risk scale of 1-9, with 9 being the highest risk of non-compliance with the CDOT Stormwater Permit (MS4 Permit) and the Pollution Prevention and Good Housekeeping Program (PPGH). Any noncompliance with the MS4 permit and PPGH program causes a threat to nearby state waters. Facilities listed as 8 and 9 on the risk scale should be addressed as soon as possible, and include:

- Region 1 - 7 high risk, 11 moderate risk maintenance facilities
- Region 2 - 2 moderate risk maintenance facilities
- Region 3 - 1 moderate risk maintenance facility
- Region 4 - 1 high risk, 4 moderate risk maintenance facilities
- Region 5 - 1 high risk maintenance facility

Cost - There are nine facilities listed as high risk totaling approximately \$1.4 million. There are another 18 facilities listed as moderate risk totaling approximately \$2.8 million. The total of high and moderate risk facility repairs is approximately \$4.2 million.

Summary

Based on the above, staff recommends the Transportation Commission fund \$7.55 million in FY2017-FY2018 and \$3.35 million in FY 2018-2019 that includes \$6.7 million for one-time diagnostic assessment and cleaning of CDOT's PWQFs, and \$4.2 million for the one-time cost to fix MS4 high/moderate priority drainage and paving issues at CDOT Maintenance Facilities. The work associated with these funds may occur over more than one year but not later than the end of the MS4 Permit term in July 2020 to address identified compliance requirements and meet EPA deadlines.

Key Benefits

CDOT's new 2015 MS4 Permit and the EPA Audit have identified improvements that could be made in the program to improve or enhance CDOT and contractor compliance. Improving program compliance and showing EPA the commitment of funds to do this work will help prevent CDOT from being assessed fines for not responding appropriately to EPA findings and requests for program improvements.

Next Steps

Based on Transportation Commission direction, staff will work with the Division of Accounting and Finance to encumber these funds for the necessary tasks to accomplish this work.





COLORADO
Department of Transportation
Region 4

Regional Director's Office
10601 W. 10th Street
Greeley, CO 80634-9000

MEMORANDUM

DATE: AUGUST 17, 2017
TO: THE TRANSPORTATION COMMISSION
CC: JOSH LAIPPLY, CHIEF ENGINEER
HERMAN STOCKINGER, ACTING CHIEF FINANCIAL OFFICER
JANE FISHER, PMO DIRECTOR
FROM: JOHNNY OLSON, REGION 4 TRANSPORTATION DIRECTOR
SUBJECT: FLOOD RECOVERY PROGRAM FUNDING SUPPLEMENT REQUEST

Purpose

Region 4 is requesting supplemental funding for the Flood Recovery Program to advance projects while waiting for allocation of Federal Highway Administration Emergency Relief (FHWA ER) funds requested on July 14th, 2017.

Action

Per P.D. 703.0, staff is requesting Transportation Commission (TC) approval to budget supplemental TC funds to advance the Flood Recovery Program.

Background

The Flood Recovery Program currently totals \$749 million, and has both CDOT and Local Agency Permanent Repair projects remaining to go to construction. The program has obligated \$552 million of the \$562 million in FHWA Emergency Relief (ER) funding received to date, with \$10 million of obligation remaining. To complete the \$749 million program, there is a remaining need of \$187 million that includes CDOT and Local match associated with the projects. The program has completed 14 permanent repair projects, 6 are in construction and 12 are in design preparing to go to construction by the end of CDOT fiscal year 2018.

The program received an allocation from the FHWA ER program in April of an additional \$111.9 million. There is \$10 million remaining of that allocation. At the direction of FHWA, a request for additional FHWA ER funds was submitted on July 14th, 2017 totaling \$147 million. It is anticipated that only a portion of this amount will be allocated to CDOT and will be received after the close of the federal fiscal year (FFY) and in the second quarter of CDOT's fiscal year 2018. In the past, these funding requests have been approved for the total amount requested less the total remaining amount to be obligated at the time of the request. There was approximately \$22 million of available funds at the time of the request - so it is reasonable to assume that the most the program will receive is \$126 million after September 30th, 2017 at which time this request for additional funds could be reimbursed to the TC in full.

The next project in the Flood Recovery Program scheduled to obligate is the final construction package of the US 34 Big Thompson Canyon that requires \$63 million. The \$10 million in available federal allocation does not allow for the US34 project or the program to continue on schedule as it is only a portion needed to go to ad.



Details

The schedule for the remaining projects is outlined in the table below:

PR Sub-Account	Agency	Project	FHWA	Local Match (LA/CDOT/AEM)	Amount	Ad Date
20279		US 34 Big Thompson Canyon – CP-4 PH 2	\$62,733,508	\$0	\$62,733,508	8/23/2017
20285		US 287 & SH 14 North of Fort Collins	\$684,547	\$142,301	\$826,848	9/21/2017
20979		US 287 & SH 14 North of Fort Collins	\$2,260,915	\$469,989	\$2,730,904	9/21/2017
20081	Adams County	PRLA McKay Rd Bridge Over S Platte River	\$149,764	\$31,132	\$180,896	9/29/2017
20080	Adams County	PRLA E 168th Ave Bridge Over S Platte Rvr	\$88,618	\$18,421	\$107,039	9/29/2017
20079	Adams County	PRLA E 124th Ave Bridge Over S Platte Rvr	\$110,886	\$23,050	\$133,936	9/29/2017
20540	Loveland	PRLA Roosevelt Rd @ BNSF	\$4,441,292	\$923,235	\$5,364,527	9/29/2017
20180		US 34D (18th Street)	\$2,695,642	\$560,358	\$3,256,000	10/12/2017
20258		SH 119A Boulder Canyon	\$14,960,000	\$0	\$14,960,000	10/12/2017
20254		SH 144 Flooding Repairs	\$7,285,520	\$1,514,480	\$8,800,000	10/26/2017
20481	Weld County	PRLA WCR54 CR 13A Bridge over Big T	\$434,975	\$90,420	\$525,395	11/6/2017
20606		I-25 Colorado Springs, Douglas Creek Flood Repairs	\$3,305,570	\$367,286	\$3,672,856	11/9/2017
20530	Larimer County	PRLA CR15 @ Little T Bridge Mp 1.91	\$2,040,743	\$424,220	\$2,464,963	11/21/2017
20480	Weld County	PRLA WCR53 CR58A Bridge over S. Platte	\$5,719,798	\$1,189,005	\$6,908,803	2/2/2018
20744		US 36 Site 17	\$7,020,816	\$0	\$7,020,816	3/15/2018
20334		SH 72 Coal Creek Canyon	\$10,665,127	\$2,217,017	\$12,882,144	6/14/2018
20252		SH 7 Canyon Lower	\$9,747,657	\$0	\$9,747,657	6/14/2018
Total			\$134,345,378	\$7,970,914	\$142,316,292	

This schedule shows the importance of having the US 34 project proceed on time. The timing of the anticipated Federal allocation will push the entire program back until its funding is received. FHWA has communicated to CDOT that it is their desire to have as many of the above projects obligated prior to the close of this FFY to meet the objectives of the FHWA ER program. The Flood Recovery Program has continued to strive to meet the FHWA ER objectives, the table below depicts the programs commitment to reaching completion.

Federal Funding Summary for 2017 to Date			
\$111.9M received in April 2017	Obligation of \$91M through June 2017	\$147M Funds requested in July 2017	Obligation of \$11M since request for funding

The US 34 Big Thompson Canyon project is the program's largest project and is well known as a CDOT commitment to "building back better" and implementing more resilient permanent repairs. The project is on schedule to be completed by the end of calendar year 2018. To meet this schedule, CDOT has committed through a public engagement process to a roadway closure from October 2017 to May 2018 in order to expedite the work. The political and public nature of this project contributes to the necessity of meeting the schedule and project goals. Without immediate additional funds the schedule will have to be delayed. This delay will not only drastically change the delivery of the US 34 project but also the remainder of the projects in the program.



To remain on schedule and deliver the last construction package, the budget action request must be complete by August 23rd, 2017. This request is estimated to be in the amount \$53 million and the program only has \$10 million available resulting in an inability to initiate the budget action at this time. The US 34 project is one of the state's highest priority projects.

Key Benefits

Progressing the Flood Recovery Program will provide key benefits including:

- Completion of the Flood Recovery Program as planned without lost time and costs associated with a delay.
- Delivery of the US 34 Project as committed by CDOT to expedite construction through the full closure and complete by December 2018.
- Maintaining CDOT commitments to Local Agency partners, the public and every projects stakeholders.
- Continue to meet FHWA ER program objectives by obligating ER funds for construction.
- This is a low risk investment/commitment of funding to CDOT's cash management program. Reimbursement from the FHWA ER program is imminent, although timing is unknown. However, CDOT and FHWA CO division office anticipate we will receive funds by close or shortly after the FFY.

Recommendation

Region 4 and staff recommend the TC approve supplemental funding of \$53 million to the Flood Recovery Program. This will allow the US 34 project to maintain schedule and keep the remaining available funding to budget a few of the upcoming projects ready for construction.

Next Steps

1. Upon approval of the funding request, the Region will complete the necessary steps to fund the US 34 project immediately.
2. Region 4 will continue to monitor the FHWA ER funding request and report status as needed.
3. When the FHWA ER funds are received, Region 4 staff will process a reimbursement to the TC Program Reserve of \$53 million.

