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Joshua

Sent: Wednesday, January 24, 2018 1:05 PM

Subject: Ramping Down RAMP

CDOT Team,

First off, my apologies for not sending this information out sooner. As you know, last we asked you all to pause all advertisements with the exception of those in maintenance (MLOS) program. We did so in an abundance of caution as we enter our first post RAMP construction advertisement year. We wanted to make sure that we have a firm handle on our cash revenues and expenditures outside of the construction program to maximize what we can put out to construction this upcoming season. We have accomplished those items as I type this email. Tomorrow, we will go to advertisement with three projects and will continue advertising projects through the year.

There has been a lot of recent discussion about this year's advertisement budget. Right now DAF has projected that our FY 2017-18 advertisements will be \$384 million. This is considerably less than our previous five years of the RAMP program (which started in FY 2012-13), but as we have mentioned before, the program has come to an end. This will be tough on the contracting community and likely impact our consultant partners as well. I expect all of us to work closely with them to identify their concerns and address them whenever possible. Project Support, PMO, and DAF will be working on a process of taking projects to advertisement for the remainder of this fiscal year that maximizes our use of cash, recognizes the priorities of the regions, and seeks to establish equity statewide on lettings.

Please see the list bullet points below and attached two-page summary as I know many former CDOT employees, contractors, and consultants have reached out to you for answers about what is happening, about the amount we will have available for advertisement.

- CDOT can meet all of its current contract commitments and advertise additional projects this year. In fact, we plan to spend more than \$650 million on projects this year, comparable to previous years. Our projections show over \$650 million in subsequent years assuming the receipt of SB267 in the late summer of FY2017-18.
- We are now seeing a "RAMPing down" of our advertisements post RAMP. As had been planned when we accelerated our cash management to get more projects onto the road the last five years, the post RAMP years advertisements would return to pre-RAMP levels.
- In FY2016-17, the last year of the RAMP program, we again aggressively programmed a number of projects and advertised at \$653 million. In FY2017-18 there will be a drop in advertisements (not expenditures) as we transition between the temporarily increased RAMP program and the upcoming SB267 program. Specifically, DAF projects that our FY 2018-18 advertisements will be \$384 million and return to over \$500 million (not including additional state funding at this point) in the next years.
- In FY2017-18 we realize these projections are below what the contracting community would want. (And of course we would prefer that too, but our RAMP plan worked as planned - get the money and projects out the door now - which resulted in bigger years for contractors).
- CDOT recognizes that stable funding is best for all of us to plan and deliver our infrastructure needs. Therefore, we are working to right now find ways to ease the difference from our dollars advertised from our last RAMP year to this first post RAMP year.

- All advertised and awarded projects will continue and we will continue to advertise in increments to utilize all the funding that is available to maximize construction this year. Again we expect to see expenditures similar to previous years for 2018, and are not done advertising projects.

Thanks.

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Chief Engineer



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