



# High-Performance Transportation Enterprise

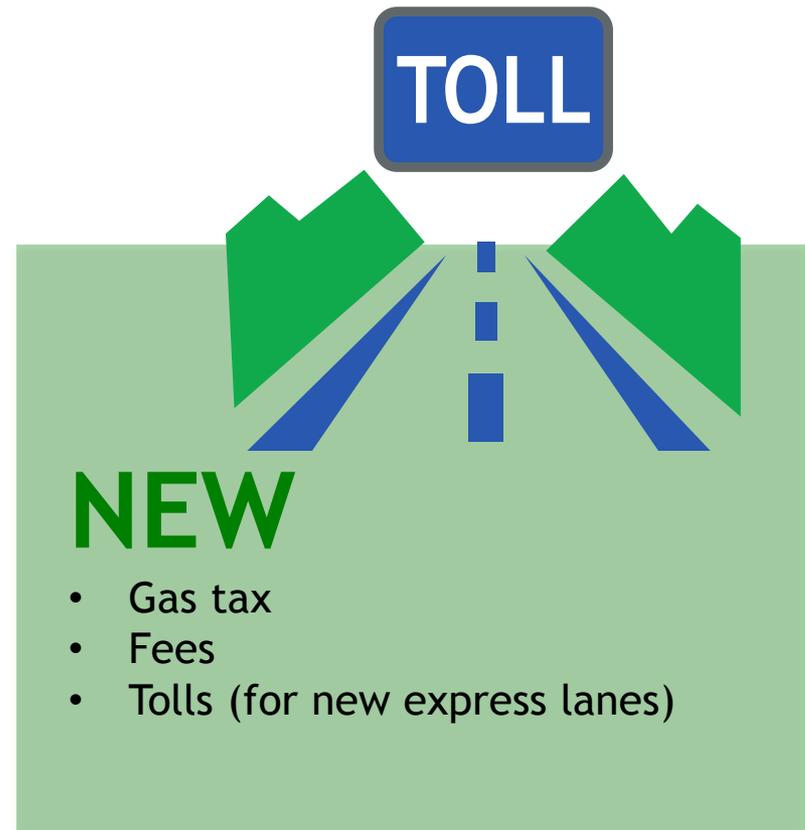
*Presentation to TLRC*

*July 23, 2014*

# About HTPE

- High Performance Transportation Enterprise pursues innovative means of more efficiently financing important transportation projects
- Innovative means of financing projects include, but are not limited to:
  - Public-private partnerships
  - Operating concession agreements
  - User fee-based project financing
  - Annual performance payment agreements
- HPTE operates as a government-owned business within CDOT

# OLD versus NEW FUNDING



# OLD versus NEW

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## PROJECT DELIVERY



### OLD

- Secure funding from state or feds (supported by gas tax)
- Design project
- Select low bid or best value
- Build



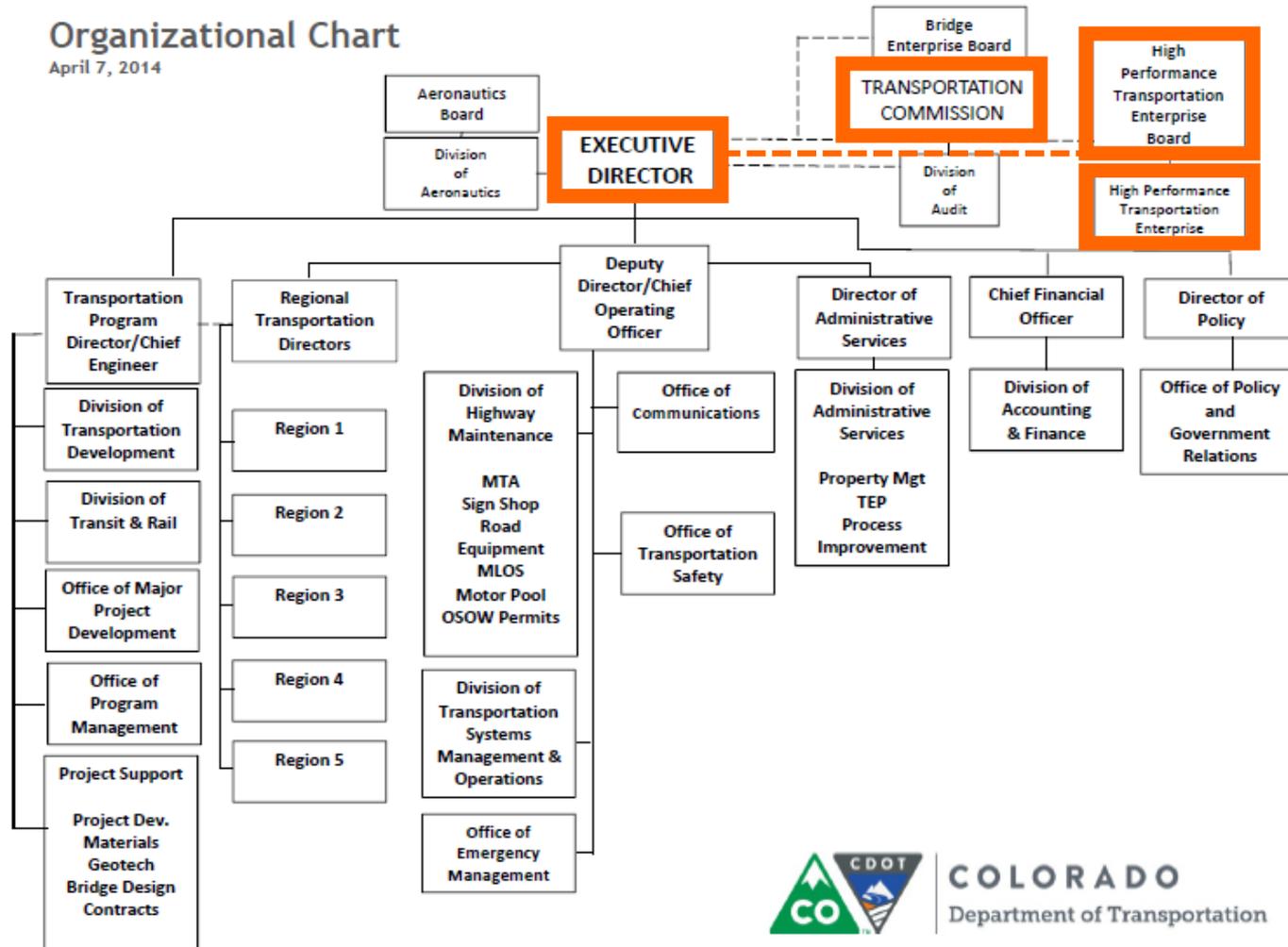
### NEW

- Strategies for limited funds
  - Design Build, CMGC
- Public Private Partnership (P3) Partner may finance, design, build, operate and/or maintain in return for:
  - Toll revenue - OR -
  - Annual performance payments
- Secure long-term performance guarantees for fixed price
- P3 not a solution for every corridor

# HPTE's Relationship with CDOT

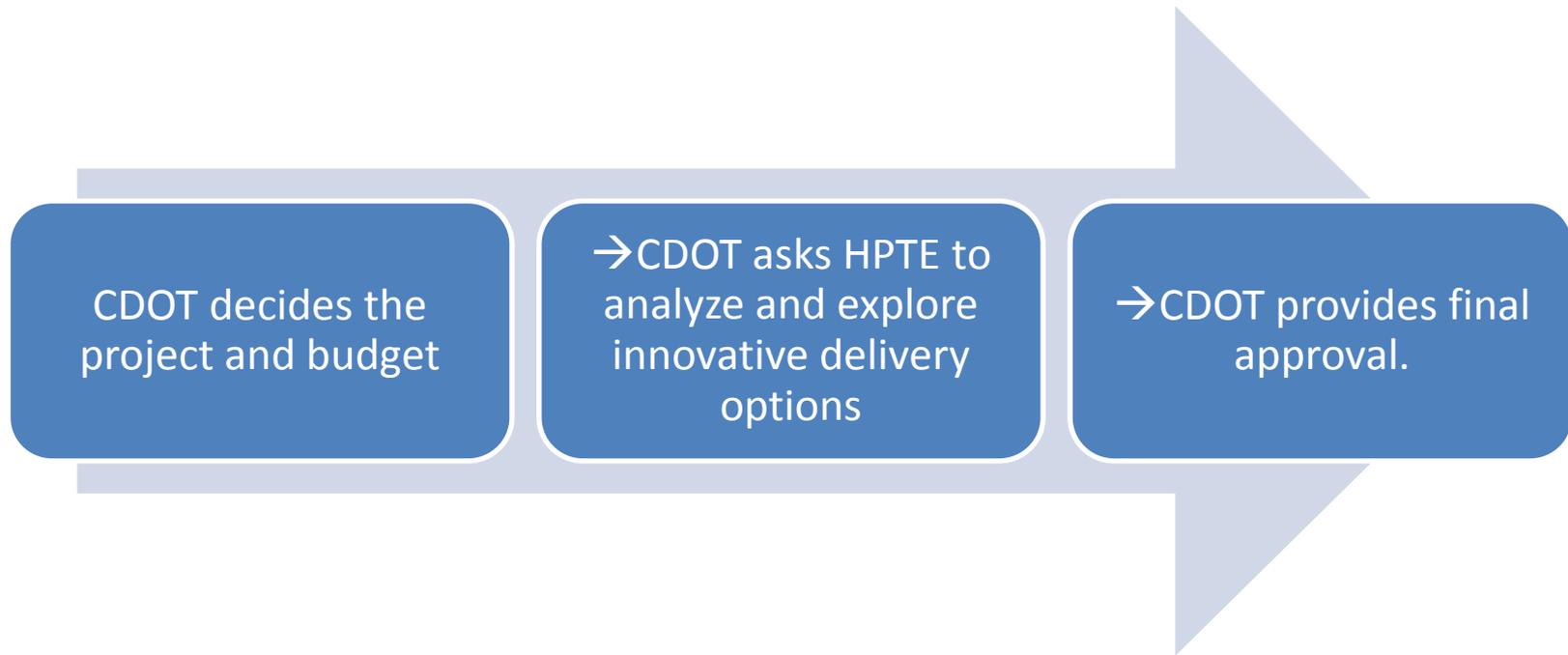
## Organizational Chart

April 7, 2014



**COLORADO**  
Department of Transportation

# How HPTE works with CDOT



# PARTNERSHIPS COLORADO STRATEGY



**HPTE**  
pursues innovative  
financing that:

- Advances funding, scope or schedule for needed corridors
- Guarantees performance of high levels of service and maintenance
- Retains state ownership of transportation assets
- Is transparent to the public

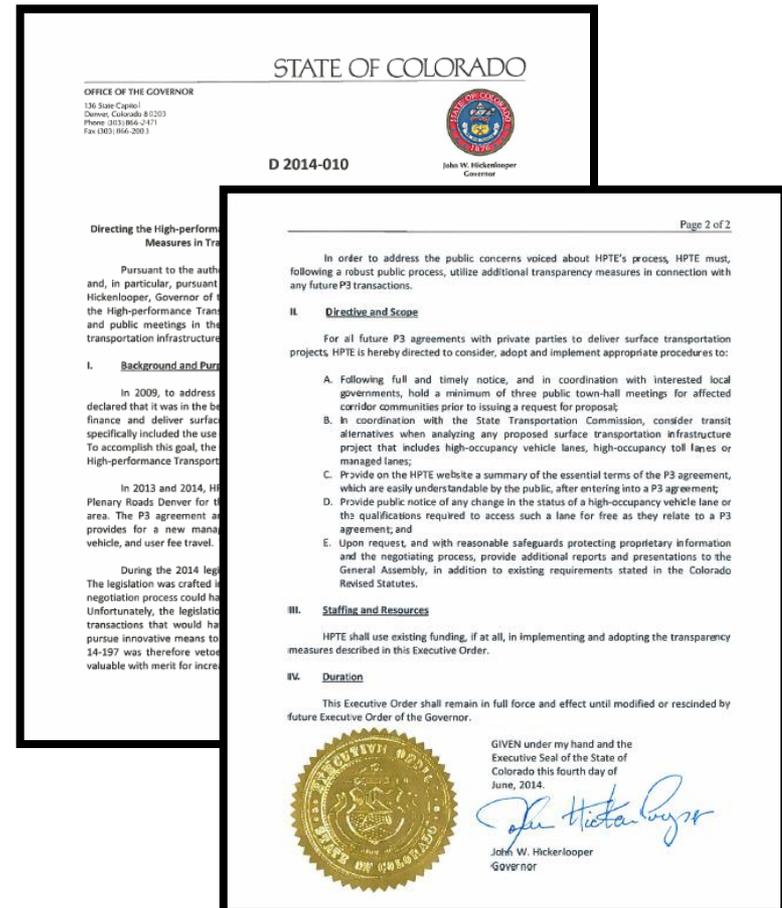
# ANALYZING CORRIDORS

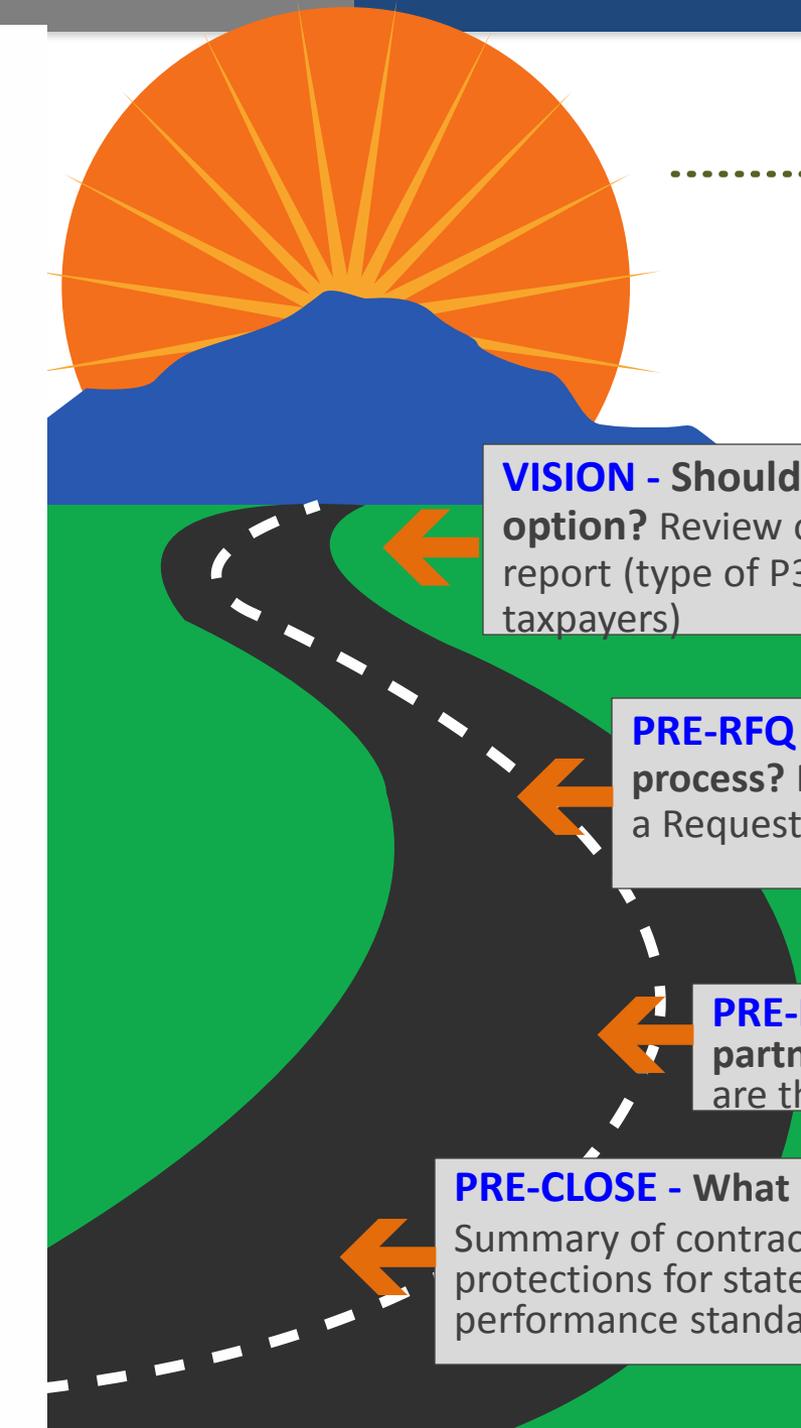


- Examine cost (construction + lifecycle) data, potential revenues
- Provide matrix of risks and identify best value
- Consider what possible risks to transfer:
  - Toll revenues?
  - Long-term annual and capital maintenance costs?
  - Ongoing operations?
  - Innovation of design, construction schedule and scope potential?

# Transparency Policy

- **Executive Order D14-010**
- **HPTE Transparency Policy**
  - HPTE Board adopts transparency policy, July 16, in accordance with Governor’s Executive Order
- **Threshold for Transparency and Public Involvement**
  - Minimum of three Town Hall Meetings for the public
    - Coordinate with local governments
    - Held to maximize the public’s convenience
  - Legislative and public reporting requirements
  - Explicit recognition of transit consideration





# Stakeholder/Public

## NEW ENGAGEMENT PROCESS

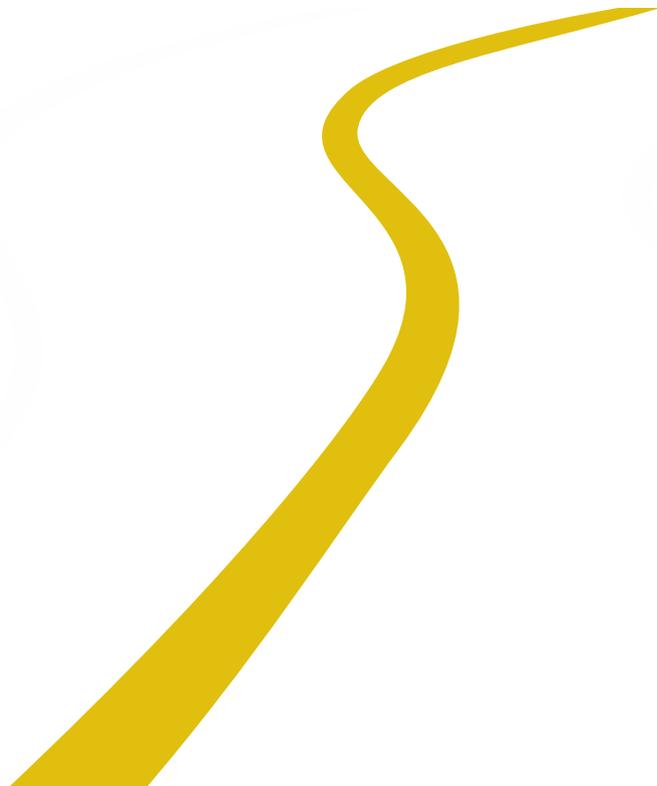
**VISION** - Should we consider P3 as an option? Review of Value for Money report (type of P3, risk sharing, value to taxpayers)

**PRE-RFQ** – Do we want to start a P3 selection process? Review of final decision and elements of a Request for Qualifications for partners

**PRE-RFP & SELECTION** – What are the proposed terms of the partnership? Review elements of Request for Proposals and who are the possible partners

**PRE-CLOSE** - What is the deal?  
Summary of contract elements, protections for state & public, performance standards

# **COLORADO'S EXPRESS LANE CORRIDORS**



**US 36**

**I-70 EAST**

**C-470**

**I-70 WEST**

**NORTH I-25**

# Corridor Update – US 36

- **Phase 1: Federal Blvd to 88<sup>th</sup> Street**
  - \$317 million
  - 73% Complete
  - Completion Anticipated by June 2015
- **Phase 2: 88<sup>th</sup> Street to Table Mesa**
  - \$180 million
  - 34% Complete
  - Completion Anticipated by Early 2016



# Corridor Update – I-70 East

## *First phase* – \$1.05B

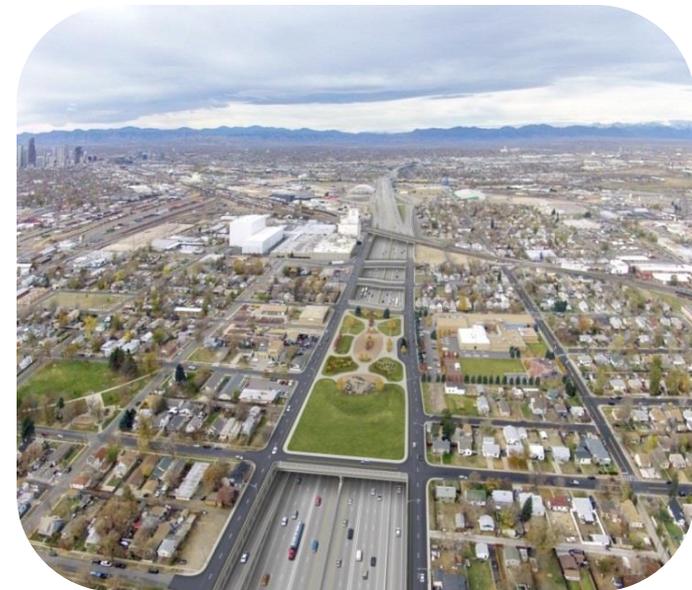
- Remove viaduct between Brighton and Colorado Blvd
- Reconstruct as a lowered highway with a cover
- Potential to extend managed lanes further east to optimize connectivity (funding dependent)
- 2<sup>nd</sup> phase (\$350M) / 3<sup>rd</sup> (\$40M) phase would extend to Pena

## *Funding* – Will require multiple sources; including:

- Bridge Enterprise: \$850
- Senate Bill 228: \$271
- DRCOG: \$50
- Private Investment ?

## *Travel-time benefits in 2035 over “No Action” between I-25 & Tower Rd:*

- Express Lanes: 17 minutes compared to 60 minutes
- General Purpose Lanes: 35 minutes compared to 60 minutes



# Corridor Update – I-70 East

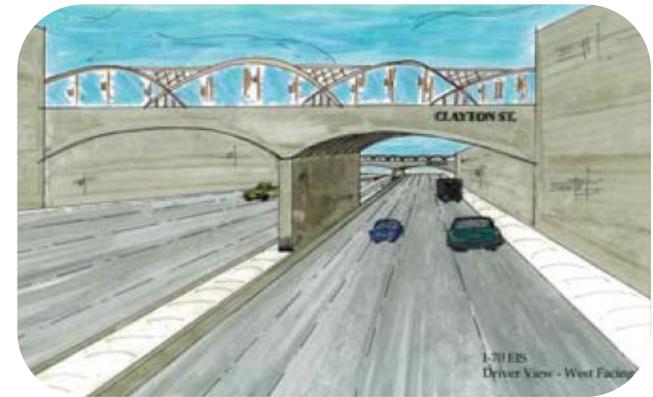


## CONSIDERATIONS

- Value for Money Analysis (VFM) completed 2013
- VFM considered three different P3 models: Public Finance Model; Annual Performance Payments; or Design, Build, Finance
- Projected toll revenue does not generate sufficient revenues to cover capital costs
  - Express lane tolls will be used to manage traffic
  - CDOT will likely collect tolls
- Annual performance payment model currently being explored
- **P3s may require these changes and considerations :**
  - Maintenance by private sector
  - Long-term contractual relationship
  - Pay private sector IRR (Internal Rate of Return)

# Corridor Update – I-70 East

- P3 option builds on traditional construction approaches through:
  - Potential for design innovation and cost and time savings
  - Construction efficiencies
  - Assured program delivery at a guaranteed price
- Potential to optimize and guarantee performance of “whole life cycle” of I-70 through long-term operations and maintenance
  - Spreads the financial risks and obligations over a greater period
  - Impacts how concessionaire builds project
  - Transfers risk and provides performance guarantees for roadway where state might not be able to (i.e. major rehab)



# Corridor Update – I-70 East



## Public Involvement on Project Financing

### June/July Public Outreach & Meetings

- Online Public Meeting - ongoing with 1,643 visitors since June 24
- June 25 Telephone Town Hall (More than 5,000 reached, average of 500 persons at any given time)
- July 8 Town Hall (80 attendees)
  - Public notification of event through: 10,000 flyers, advertisements in local and Spanish language papers, press releases, social media, email blasts, HPTE website, elected official email lists

### June/July Elected Official Outreach

- Discussions with elected and appointed officials from Denver, Commerce City, Adams County
- Discussions with I-70 East/North Denver state senators and representatives
- Regular/weekly email updates to corridor state legislators, local elected officials, staff

# Corridor Update – I-70 East

## Next Steps/Process

- July 17 - Transportation Commission directs HPTE to further pursue public private partnerships as one of the procurement options for I-70 East, public testimony heard during TC meeting
- Fall 2014 - Industry Forum
- September 2014 - SDEIS published and public hearings held
- Fall 2014 - HPTE updates VfM analysis and makes recommendation to Transp. Commission
- December 2014 - Transportation Commission decides whether to proceed with RFQ

*Summer/Fall 2014 - HPTE holds additional public outreach meetings*



# Corridor Update – C-470



- Estimated project cost \$230M; using RAMP Program \$100M
  - Preliminary results: Project could generate enough revenue to borrow significant portion of cost. Further analysis is necessary.
  - \$30M = local government and federal funding
- Level 2 Traffic & Revenue Study finalized June 2014
- Value for Money Analysis being conducted
  - Initial assessments indicate Design-Build likely; not P3
- Public Town Hall (vision outreach) Aug.19, 2014

# Corridor Update – North I-25



- Level 1 Traffic & Revenue Study completed in 2013
  - Conducted meetings with P3 industry
  - Initial assessments indicate North I-25 preferred alternative is not feasible at this time - P3 or otherwise
- Moving forward with projects to 120<sup>th</sup> and from 120<sup>th</sup> to E-470/SH 7
  - Wait for toll revenues to “season” before re-evaluating financing alternatives for corridor

# Corridor Update – I-70 West



- Congestion Pricing
- Launch of Eastbound Peak Period Shoulder Lanes (PPSL)
- Benefits (combined with WB tunnel bore):
  - Mobility: Reduces travel time 30 minutes (EB PPSL), westbound Twin Tunnel paves way for future PPSL
  - Economic: Provides access for I-70 corridor tourism, supports significant economic commercial vehicle traffic
- Choice

# *Questions*