



FOR IMMEDIATE RELEASE
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**AUDIT FINDS US-36 P3 PROJECT PROVIDED BEST VALUE FOR TAXPAYERS,
BUT HPTE CAN IMPROVE P3 PROJECT MANAGEMENT PROCESSES
TO AVOID PROJECT DELAYS AND COST OVERRUNS.**

DENVER—An audit commissioned by the Colorado Office of the State Auditor (OSA) to look at the US-36 public-private partnership (P3), has found that the High Performance Transportation Enterprise (HPTE) met the goals that it outlined for the project to provide the best value for taxpayers, however auditors found that HPTE could improve its planning, communications, monitoring and project management for the US-36 P3 Project and future P3 projects.

A P3 is a contractual agreement between a public sector agency and a private entity to allow for greater private sector participation in the delivery and financing of a government-owned project. The US-36 P3 Project is the first such P3 project undertaken by HPTE, which was created in 2009 as a government-owned business serving as a division within the Colorado Department of Transportation. The US-36 P3 Project aims to use the private sector to construct highway improvements on US-36 from 88th Street in Louisville to Table Mesa Drive in Boulder, and to finance, operate and maintain the managed toll lanes on I-25 and US-36 from Downtown Denver to Boulder over the next 50 years in exchange for toll revenues.

Auditors found that HPTE generally adhered to industry standard practices for developing and procuring the US-36 P3 Project. However, HPTE did not consistently apply these practices when planning for the toll services, federal loan financing, and operations and maintenance elements of the project, resulting in a 1 year delay in completing the procurement, and a 6 month delay in reaching financial close. The procurement delays cost the State of Colorado an extra \$5 million, since HPTE assumed a share of any changes in interest rates between the proposal due date and financial close, with the total payment coming in at \$49 million, instead of the expected \$44 million.

Additionally, auditors found that HPTE did not adequately engage, inform, or educate two key stakeholder groups—legislators and the general public—during the project development phase of the project,

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and lacks a comprehensive open records and transparency plan for ensuring the availability and transparency of key information and timely compliance with the Colorado Open Record Act.

Among the 13 recommendations made by the auditors, HPTE is advised to develop a systematic project management framework and guidance for managing the US-36 P3 Project and future P3 projects. HPTE agreed with all of the recommendations.

The audit was conducted by Clary Consulting, LLC.

The full report is available electronically on the OSA's website, <http://www.state.co.us/auditor>, via the link called "OSA Audit Reports." In accordance with state statute, the Legislative Audit Committee released the audit by a majority vote during a public hearing.

Under the direction of the State Auditor, the OSA is the State's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the State's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.