MEMORANDUM

TO Members of the Joint Budget Committee
FROM Scott Thompson, JBC Staff (303-866-4957)
DATE May 6, 2021
SUBJECT Burnham Yard Strategic Fund Briefing from Office of Economic Development and International Trade and Colorado Department of Transportation (No Action Required)

On April 19, 2021, the Office of Economic Development and International Trade (OEDIT) sent a letter (attached) to the Joint Budget Committee to advise that it has encumbered $7.5 million from the Colorado Economic Development Fund (also known as the “Strategic Fund”) for the potential acquisition of real estate associated with the Burnham Yard in central Denver. The letter included an offer to the Committee to be briefed by staff from OEDIT and the Colorado Department of Transportation (CDOT) on the project and funding encumbered.

The pages that follow the letter were shared by OEDIT to provide the Committee with additional detail prior to the briefing on Monday, May 10, 2021. If the Committee would like to review more information on the Strategic Fund, a memo from 2019 that discusses statutory triggers for when action is required by the Joint Budget Committee to approve funding decisions by the Economic Development Commission can be accessed by visiting:

April 19, 2021

Joint Budget Committee
200 E 14th Ave #300
Denver, CO 80203

Dear Members of the Joint Budget Committee:

The Colorado Department of Transportation (CDOT) is actively seeking to acquire 59 acres of Burnham Yard, which is located in an industrial zone in central Denver and is less than a mile from Mile High Stadium, the Denver Art Museum, and Denver’s Central Business District. Due to its central location and proximity to downtown Denver, the site currently offers economic potential for rail and road realignment projects, as well as real estate and economic development. CDOT’s purchase of this site will provide right-of-way acquisition, which then leads the way for at least four subsequent transportation projects and a transit-oriented development plan. The subsequent projects following the purchase of the land will lead to significant benefits in travel time savings and economic competitiveness, all the while preserving transit, freight and passenger rail transportation in the Denver Metro area.

OEDIT strongly supports CDOT’s opportunity to acquire this land and has worked with the Colorado Economic Development Commission (EDC) to encumber $7.5M in Strategic Fund dollars to assist in the acquisition. OEDIT and the EDC have pledged this amount as a cash collateral grant or similar structure to CDOT to use to mitigate CDOT’s risk during the interim period before federal stimulus funding may be available to help repay the investment. CDOT’s Transportation Commission also approved a $7.5M contribution, but contingent on OEDIT’s support.

In addition to providing you this letter, we would welcome the opportunity to brief the Committee, at your earliest convenience, on the use of the Office of Economic Development & International Trade’s (OEDIT) Strategic Fund to support the CDOT Burnham Yard project.
Best,

Pat Meyers
Director of Colorado Office of Economic Development & International Trade

Shoshana Lew
Director of the Colorado Department of Transportation
BURNHAM YARD

For close to 150 years, Burnham Yard was a central agent of economic activity for the Denver Metro region. The land was acquired in 1871, five years before Colorado became a state. Throughout the latter part of the 19th century and for most of the 20th century, the Yard was a driving force of economic activity, vitality, and commerce. It served as a repair, refueling, maintenance, manufacturing, and storage facility for Denver and Rio Grande Western Railroad (DRG&W), Southern Pacific (SP), and then UPRR activities over the past century and a half and employed hundreds of individuals in the Denver Metro area. With the turn of the 21st century, Burnham Yard’s importance as an economic engine became less pronounced and other modes of freight and individual transportation rose to primacy.

Burnham Yard is located in an industrial zone in central Denver and is less than a mile from Mile High Stadium, the Denver Art Museum, and Denver’s Central Business District. It is a centrally located area that is currently not being utilized by UPRR. The area is located near a number of neighborhood shops and amenities, and sits between four of Denver’s main road arteries: I-25, Colfax Ave., Speer Blvd., and 6th Ave. The banana-shaped property is approximately 1.05 miles long and extends from 13th Avenue at its northern extent to 4th Avenue at the south. Reaching its maximum width of approximately 0.20 miles between 8th and 9th Avenues, the site is bounded by the active RTD light rail line and UPRR historical right-of-way to the east, and a mixture of commercial and industrial properties to the west.

UPRR decommissioned Burnham Yard in 2016, leaving it mostly unused for the past four years. Due to its central location and proximity to downtown Denver, the site currently offers more economic potential for rail and road realignment projects and real estate development.

The benefits of this property purchase enable significant investments and capital improvement construction projects, the work needed to build long-term economic prosperity in the Denver area with $500+ million in investment possible, creating jobs in structural construction and associated skilled trades to build transit, interstate and vertical infrastructure.
PROJECT DESCRIPTION

Purchase of the property has one immediate project component: right-of-way acquisition through the purchase of abandoned land in Burnham Yard - this leads the way for at least four subsequent transportation projects and a significant transit-oriented development plan intended to bolster economic competitiveness, increase efficiency and safety, and transform multimodal commutes across Colorado’s Front Range.

This project is envisioned to provide the opportunity for:

1) Enhanced mobility options and modes
2) Potential reconstruction of I-25 Central Denver; and
3) Transit-oriented Development.

CDOT's immediate intent is to acquire the 59 acres of Burnham Yard that is for sale. The subsequent projects following the purchase of the land will lead to significant benefits in travel time savings and economic competitiveness, all the while preserving freight and passenger rail transportation in the Denver Metro area. With the addition of new commuter rail tracks, individuals will utilize public transport to a greater degree which will further aid in congestion mitigation.

Opening up certain sections of Burnham Yard for transit-oriented development will help create much-needed new housing stock in the Denver Metro area and provide living options for residents near the main economic hub in Colorado, downtown Denver.

CDOT anticipates thousands of jobs will be created with subsequent projects directly related to the purchase of Burnham Yard. Coupled with the adjustments to rail and road traffic, as well as opportunities for commercial opportunities and residential real estate, this purchase will be an impetus for kick-starting an unprecedented transformation of central Denver.
Historic UPRR buildings could be re-used as part of a multimodal mobility hub in a location where access from I-25 and US 6 would be easy and promote the shift from cars to alternative transportation modes. The economic benefits, including job creation, related to the construction of each project, will help power Colorado’s short-term growth.

Long-term economic benefits associated with travel time savings, congestion mitigation, and increased reliability will greatly contribute to Denver’s economic vitality and commuter safety.

With this purchase, CDOT is acquiring Burnham Yard at a reasonable price and significant discount by most estimates. Most of the future right-of-way purchases can be completed with relative ease as they include acquiring industrial lots. Obtaining right-of-way in Burnham Yard under current favorable conditions at a bargain price enables the State of Colorado to save tens of millions of dollars in the future, which will ensure near and long-term benefits.

**BURNHAM YARD OPPORTUNITIES**

**RTD LIGHT RAIL REALIGNMENTS AND ADDITIONS:**

RTD services provide light rail public transportation for thousands of Coloradans every day. RTD provides light rail service through Burnham Yard which serves the southern and central portions of the Denver Metro area. RTD’s maintenance and operations facilities are in the Burnham Yard area. RTD operates two tracks through Burnham Yard, the C and D lines (following US-85) and the E, F, and H lines (following I-25). Burnham Yard is the only access point from the south side of the metro area to downtown Denver and points north. Convergence of these routes makes this section before Denver’s Central
Business District junction the only corridor RTD has to access downtown and northern areas from the southern portions of Denver. These lines currently operate at capacity, with 17 to 20 trains per hour in both directions. Due to limited rail capacity, passengers are forced to wait or are simply not able to use light rail to access downtown in the current configuration. The Burnham Yard area is also the location of the Mariposa Street operations facility and the maintenance-of-way shop for RTD. Both of these facilities are key components in the RTD system to ensure timely and effective operations.

RTD cannot add any train service into downtown Denver with the current track configuration. Trains run at their minimum spacing (and maximum frequency) on these two tracks, and even a small delay can have a significant impact on the operations of the two corridors on both sides. RTD needs two additional tracks in this area to relieve this bottleneck. Expanding light rail services in Burnham Yard will help RTD provide a more reliable and less congested corridor. With two additional tracks, RTD will see a 20% to 40% ridership increase by 2040. At least 15,000 new daily users who otherwise would commute via I-25 will instead utilize RTD once this project materializes, and RTD expansion will help facilitate the addition of a mobility hub in Burnham Yard.

**FRONT RANGE PASSENGER RAIL (FRPR):**

Constructing a passenger rail service from Pueblo to Fort Collins (and eventually linking Cheyenne, Wyoming to New Mexico) with a midway point at Denver’s Union Station (DUS) has the potential to mitigate existing congestion along the Front Range and buttress local and national economic activity. By developing and operating a 173-mile long high speed passenger rail service that links Pueblo and Colorado Springs in the south to Denver and Fort Collins in the north, Colorado will effectively link a majority of the state’s population through rail. This development will aid in relieving adjacent interstate and state road corridors that are experiencing increased strain from passenger vehicles. The project would be a transportation “spine” along the Front Range, with other multimodal systems east and west of the I-25 corridor integrated into Front Range Passenger Rail.

The addition of an effective passenger rail system, with a projected 60 trips per day in and out of DUS, would remove long-range trips from I-25 that aren’t addressed with current transit platforms, resulting in an efficient and environmentally-friendly system. Colorado’s leadership, including Governor Polis and the General Assembly, have prioritized finding a solution to future transportation challenges. Development and study efforts for this project are ongoing at CDOT through the Southwest Chief and Front Range Passenger Rail Commission (Commission). Although specific alignment for a future rail line has not been identified, CDOT understands that the project will have to serve downtown Denver while also reaching Colorado Springs. The future
alignment will likely need to be built for high track speeds, significantly limiting potential route choices and suggesting the need to parallel existing rail lines extending to Colorado Springs.

These lines will likely run through Burnham Yard, and rail track created in Burnham Yard will be able to handle speeds coming out of Denver’s Union Station of 65 mph. By accessing downtown and DUS, attractiveness to riders is maximized, and preliminary modeling efforts have shown that service to DUS provides considerably more net ridership for the transit system and FRPR as a whole. FRPR will increase travel time reliability, better quality of life, and provide safety and air quality benefits that will ultimately augment the economic competitiveness of cities along the entire Front Range. Even rural areas would benefit from FRPR, as Amtrak’s Southwest Chief line, which runs through southeast Colorado, will eventually connect with FRPR, creating greater access to rural areas and increasing overall ridership on the system.

**POTENTIAL I-25 CENTRAL EXPANSION:**

Interstate 25 is a critical artery for commuter and freight traffic within and through the central portion of Denver. I-25 and other city roads in the area were built around Burnham Yard. With significant increases in vehicular traffic along I-25 (Average Annual Daily Traffic (AADT) of 265,000 vehicles between US 6 and Santa Fe Dr.) and adjacent local roads, delays and congestion continually mount on all roads leading to and from downtown Denver. Beyond congestion, the I-25 corridor adjacent to Burnham Yard sees an average of three crashes per day, with 20% resulting in injury or fatality, which places the corridor at or above the 80th percentile for similar facilities in Colorado. The corridor experiences more than eight hours of congested traffic conditions on a typical workday and with regional development and population growth increasing, congestion will only get worse.

Between the interchanges of US-6 and Alameda Ave. by the South Platte River and the current (BNSF-owned) Consolidated Main Line, little to no right-of-way is present between the edge of pavement and the railroad right-of-way, and current shoulder space is at or below interstate system standards. The BNSF-CML and I-25 realignment projects are projected to be less expensive if Burnham Yard were purchased. Without the acquisition, realignment operations would be highly disruptive to current traffic patterns, very costly, and involve intrusive construction that could disrupt nearby businesses along the corridor while harming the South Platte River to the west of I-25.

Several major operational and capacity improvements will be needed to alleviate current problems on I-25 Central. These include flattening and reducing curved sections, the improvement and lengthening of ramp access and exit points, and the addition of auxiliary lanes, all of which will allow potential further addition of capacity in the future. Traffic analysis of the I-25 corridor in this area performed in the I-25 Central PEL project suggests a potential need for additional capacity.
along the entire facility, including the addition of one or two lanes to meet anticipated 2040 demand. Any potential addition of capacity through this area is not possible without additional right-of-way or more extreme, costly solutions (tunnels or viaducts). The acquisition of Burnham Yard will facilitate more cost-effective measures to enhance safety and increase vehicle throughput.

**TRANSIT-ORIENTED DEVELOPMENT:**

With land acquisition, Colorado anticipates certain sections of Burnham Yard’s vacant land to be developed into commercial uses and residential real-estate. The sale of this land will help address Denver’s housing strain by opening up land for the construction of housing units. Density will increase, making transit and rail more attractive for commuters, especially with the addition of a mobility hub. Furthermore, commercial real estate will help businesses establish offices near downtown Denver, creating long-term jobs for residents. Property taxes and sales taxes from residents and businesses will aid in revenue generation for government services.

Transit-oriented development on vacant lots will help address the supply of housing units in an area with walking and bicycle proximity to major tourist attractions in Denver. CDOT sees each of the Burnham Yard projects as complements to one another. The acquisition of Burnham Yard will also help activate the South Platte River trail network west of I-25 by creating new east-west access points through Burnham Yard, further enhancing quality of life for residents. Burnham Yard can also link neighborhoods within Denver that have been closed off from one another for generations, foster business activity and create better health outcomes for the community.

The number of jobs created through construction of real estate units followed by employment of businesses moving to the newly constructed section of the city will measure in the thousands. Comparatively, when Colorado renovated DUS with $500 million in public investments, the state saw a $5 billion surge of private investment for the downtown area. Colorado anticipates hundreds of employment opportunities for residents, creating immeasurable economic benefits for the Denver Metro area and the State of Colorado. With the reconstruction of Burnham Yard, the entire community will benefit.
By repurposing Burnham Yard, the State of Colorado will contribute to an expansion of multimodal systems: rail, transit, pedestrian, bicycle, intercity rail, and roads. CDOT expects each transportation system to work in unison to transport people and goods to their destinations. Burnham Yard will be beneficial for multimodal opportunities in Denver, and also other cities along the Front Range as it allows the potential FRPR to integrate with metro-area transit systems.

CDOT and the High Performance Transportation Enterprise (HPTE) have been in negotiations with UPRR since 2019 to analyze and perform environmental tests before finalizing a purchase term sheet for Burnham Yard. Once acquired, CDOT will work with stakeholders, including BNSF, RTD, the Southwest Chief and the Front Range Passenger Rail Commission, the city of Denver, and the state of Colorado to plan each project piece within Burnham Yard. Each of the projects to create rail efficiencies on the corridor will add to the vision of Burnham Yard to become a major multimodal hub to move people and goods while easing congestion along both rail and highway corridors.

This acquisition presents a unique opportunity for the state to expand economic and housing opportunities for Denver and the metro-region while also enhancing mobility options through expanded transit and possible front range rail.

### Project Impacts

By purchasing Burnham Yard, Colorado will:

- Enhance multimodal transportation across the Front Range.
- Allow capacity of FRPR to handle increased ridership by adding rail cars which will benefit service times.
- Increase efficiency on rails and road transit by reducing congestion through travel time savings.
- Augment safety on I-25 Central.
- Buttress economic competitiveness of the Denver Metro region and the Front Range.
- Propel Denver into the future by accommodating anticipated population growth.