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COLORADO
Department of
Transportation

Colorado General Assembly

Colorado State Capitol

200 East Colfax

Denver CO 80203

January 15, 2016

Dear Members of Colorado's General Assembly and all Coloradans:

This report describes the activities and accomplishments of the High Performance Transportation Enterprise in 2015, a busy year for the HPTE team as we address some of Colorado's most pressing transportation challenges.

The HPTE's centerpiece accomplishment this past year was the opening of US 36 Express Lanes project in one of the state's fastest-growing corridors. Phase I (between I-25 and 88th/Interlocken) opened July, 22, 2015 and Phase II to Table Mesa will open early in 2016. With our finance and operations partner, Plenary Roads Denver, this multi-modal addition to the metro area's transportation system met an ambitious schedule and budget goals. This innovative public-private partnership, a first for CDOT, accelerated the project's financial feasibility and delivered improvements years sooner than would have otherwise been possible using traditional funding methods.

This Annual Report provides status updates on other HPTE projects in the I-70 East, I-70 Mountain and I-25 North corridors. HPTE arranged financing for the I-70 Mountain Express Lane that began operations in late 2015, offering new mobility options to travelers between Colorado's mountain communities and the Front Range. And HPTE continues to work with dozens of stakeholders on the highly competitive process to select a developer for the I-70 East project. In these and all HPTE-related projects, we focus on answering a series of core questions: Can we accelerate the transportation improvements? Can we save on costs and maximize the value of limited taxpayer resources? And can we increase the scope of the project with enhanced mobility and choice for travelers? Embedded in this process is our commitment to public participation and transparency, and a high level of engagement with the General Assembly, local governments and agencies, media, local communities, business sectors and employers, transportation users and the general public.

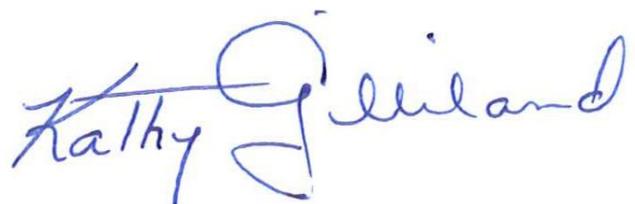
Colorado is under increasing pressure to maintain the transportation system we have, and we need creative solutions to expand our infrastructure and increase efficiencies to meet the needs presented by our state's projected 46 percent population growth in the next 30 years. Innovative solutions are critical to address these 21st century realities. The partnership on the US 36 Express Lanes project and I-70 Mountain Express Lanes demonstrates that new approaches to infrastructure investment are delivering results.

We want to hear from you. We invite you to contact us with your comments, questions and ideas by emailing us at dot_hpte@state.co.us, or calling directly to 303-757-9249.

Sincerely,

David Spector, HPTE Director

Kathy Gilliland, HPTE Board Chair



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1.0 OVERVIEW

The Funding Advancement for Surface Transportation and Economic Recovery Act (Part 8 of Article 4, Title 43, Colorado Revised Statutes), otherwise known as FASTER, created the High Performance Transportation Enterprise (HPTE) in 2009 as a government-owned business within the Colorado Department of Transportation (CDOT).

The HPTE has the responsibility to seek out opportunities for innovative and efficient means of financing and delivering important surface transportation infrastructure projects in the State. It has the statutory power, among others, to impose tolls and other user fees, to issue revenue bonds secured by those fees, and to enter into contracts with public and private entities to facilitate public-private partnerships (P3). The law also introduced a new governance structure, creating an HPTE Board of Directors which includes a mix of State Transportation Commissioners and external stakeholders appointed by the Governor to provide expertise and guidance in analyzing PPP and other creative financing mechanisms. The HPTE is an “enterprise” for purposes of section 20 of Article X of the State Constitution, so long as it retains the authority to issue revenue bonds and receives less than 10 percent of its total revenues in grants from the State and local governments.

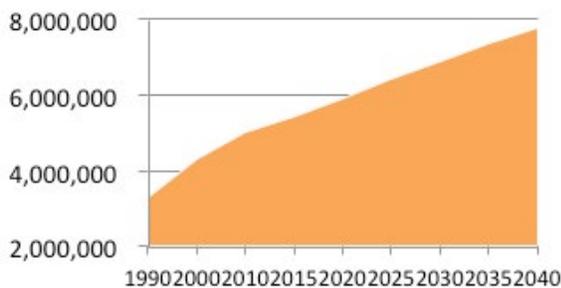
FASTER requires that the HPTE issue a report of its activities for the previous year to the Legislature by February 15, 2015, with the report posted to the HPTE website no later than January 15, 2015. This report fulfills that requirement and can be found at www.coloradohpte.com.

HPTE: Exploring Options to Meet Colorado’s 21st Century Mobility Needs

Colorado’s transportation system is challenged in large part by two forces: 1) rapid population growth that puts pressure on our aging system; and 2) budget realities, which significantly impact our ability to maintain and expand it. Finding solutions to these challenges is critical—our interstate and other highway infrastructure are severely congested in many areas, more than 50 years old and in need of repairs and maintenance, and the rapid growth of our state’s population points to even greater congestion in the decades ahead unless we find ways to accelerate key projects.

**Colorado's Population
1990 - 2040 (projected)**

source: CO State Demographer



HPTE's Value to CDOT and Taxpayers

After CDOT identifies major project needs and available funding resources, HPTE explores creative financing and delivery alternatives, always on a case-by-case basis. With the approval of its Board of Directors, and in consultation with CDOT's Executive Director and Transportation Commission, HPTE then implements the preferred alternative. HPTE's analysis of delivery alternatives includes a comparison of the costs, risks and availability of traditional public financing against the potential value of private investment. Important considerations in deciding whether to seek private investment are:

- **Accelerated Timing:** Will it allow the project to start earlier, get built faster and completed sooner?
- **Reduced Upfront Costs:** Will it significantly reduce the upfront capital required from the state?
- **Expanded Scope:** Will it deliver more of the project's planned improvements and maximize value to Colorado taxpayers?
- **Innovation:** Will the project provide unique opportunities for design, construction and operational innovation?
- **Risk Transfer:** Will it permit us to shift significant project risks, such as cost overruns and revenue shortfall, to the private partner?
- **Reliability:** Will the state benefit from guaranteed performance on long-term operations and maintenance?



2.0 HPTE ORGANIZATION

2.1 HPTE Board

The HPTE Board consists of three members of the Transportation Commission and four external members who are appointed by the Governor from each of the following geographic areas:

- The Denver Metropolitan area
- The North Front Range Metropolitan Planning Organization (MPO) area
- The Pikes Peak Council of Governments MPO area
- The I-70 Mountain Corridor area

HPTE BOARD Members		
Name	Area Representing	Term Expires
Gary Reiff	Transportation Commissioner District 3	At pleasure of the TC
Kathy Gilliland, Chair	Transportation Commissioner District 4	At pleasure of the TC
Shannon Gifford	Transportation Commissioner District 1	At pleasure of the TC
Trey Rogers	Denver Metropolitan Area	10-01-17
Don Marostica, Vice Chair	North Front Range MPO Area	10-11-19
Thad Noll	I-70 Mountain Corridor Area	10-11-19
Vacant	Pikes Peak MPO Area	10-01-17

The HPTE Board of Directors meets at noon on the third Wednesday of every month at the CDOT Headquarters located at 4201 E. Arkansas Ave., Denver. These meetings are open to the public. In 2015, the HPTE Board of Directors met eleven times in regular session, and four times in special session.

HPTE Board Meeting agendas, minutes and documents are accessible on the HPTE website at: www.coloradoHPTE.com.

2.0 ORGANIZATION [CONT.]

2.2 Staff

David Spector was selected as Director of HPTE by the Board, with the consent of CDOT Executive Director Shailen Bhatt, in October 2015 after a competitive selection process. HPTE has three full-time staff members who provide administrative services, contract and project management, express lane performance reporting, tolling and public-private partnership relationships, and HPTE external procurement services.

CDOT staff assigned part-time to the HPTE include an accountant, budget analyst and communications manager. Project and policy development support is provided by the Office of Major Project Development and other CDOT employees, with time billed to the HPTE cost center, and by outside consultants as necessary. All operating expenditures are tracked independently of CDOT to maintain a clear separation of the two organizations.

2.3 Summary of Key Activities

At its inception in 2009, the HPTE was established to develop new thoughts and practices in the delivery of critical transportation corridor projects. Today, several key projects are in place or under construction. The HPTE continues to evolve beyond its think-tank beginnings into essential mission-driven expertise and services including the establishment of complex interagency legal agreements, contract management and project oversight, and policy development. The key non-project specific activities of the HPTE in 2015 include the following:

Transparency in Public Information, Outreach and Participation: In compliance with Executive Order D 2014-010, the HPTE Board adopted the “Colorado High Performance Transportation Enterprise Transparency Policy Relating to Public-Private Partnerships” in July 2014. The policy incorporates the disclosure, oversight and public input provisions of SB14-197, and significantly increases the opportunities for public comment during a public-private partnership (P3) procurement process.

A guiding principle of the HPTE’s work is a commitment to public participation and transparency. Our success depends on an open dialogue with the General Assembly, local governments and agencies, the business sector and employers, and transportation consumers. In 2015, the HPTE held a number of outreach events as it explores private investment options for projects in a number of corridors . For a summary of the public-private partnership activities, please see [Appendix 1](#) of this report titled “Summary of 2015 Public Outreach Events.”

2.0 ORGANIZATION [CONT.]

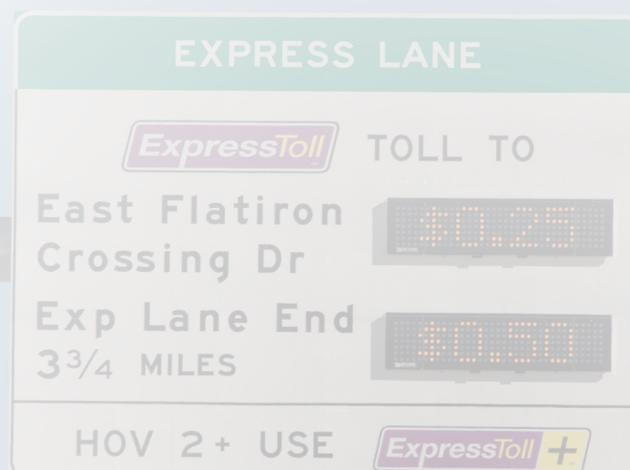
Legislative Audit Committee Review: In 2014 and 2015, the Legislative Audit Committee and the Office of the State Auditor (OSA) conducted a performance audit of HPTE and the US 36 P3 Project. The OSA report in March 2015 made 29 recommendations related to P3 procurement, including planning for a P3, communications, monitoring and project management practices. The key findings of the report found that the HPTE should increase focus on the following activities:

- Begin planning for key elements of P3 projects during project development and improve the information and details on these elements provided to prospective bidders during procurement phases;
- Build comprehensive and detailed schedules for P3 projects and include achievable due dates;
- Develop a comprehensive communications plan for informing and soliciting input from stakeholders, and an open records and transparency plan for ensuring compliance with the Colorado Open Records Act;
- Develop a systematic project management framework and guidance for managing large P3 projects, and identify strategies for obtaining adequate resources and providing ongoing training.

On December 7, 2015, the HPTE reported back to the Legislative Audit Committee having implemented 26 of the 29 the recommendations of the OSA report. For details, please see [Appendix 2](#) of this report titled “Summary of Office of State Auditor Recommendations and Outcomes.”

Express Lanes Education/Communications: To meet HPTE’s commitment to transparency and public participation, HPTE has increased communications resources both internally and externally. Working with CDOT’s Office of Communications, HPTE has a dedicated communications manager and has also engaged strategic communications consultants. As a result, the HPTE is building greater capacity to provide timely information, gather public input, and respond to issues raised by the public, media, elected officials and stakeholders.

Additionally, HPTE established a process for proposed toll schedule rate action: 1) HPTE Board is notified of the proposed toll rate schedule and public outreach schedule and plans; 2) HPTE, CDOT and partners and stakeholders conduct public meeting(s) to gather public input on the corridor’s proposed toll rate schedule, and to educate on how express lanes work and to get a pass; and 3) HPTE presents the public outreach input, comments and summary to the HPTE Board for their action.



2.0 ORGANIZATION [CONT.]

Tolling Services Agreements: With several new Express Lanes facilities opening in 2015 and 2016, HPTE negotiated a Master Tolling Services Agreement (TSA) with E-470. Public Highway Authority E-470 has agreed to provide installation services for tolling equipment on the new lanes, and its subsidiary ExpressToll will provide toll collection and adjudication services, perform customer services (such as answering inbound customer calls about Express Lanes) and administrative services (including account establishment and management). The term of this TSA is five years, with termination by HPTE on 24 months' notice, and is intended to accommodate the requirements of all CDOT-operated Express Lanes.

Also, as part of the Concession Agreement with Plenary Roads Denver (PRD), HPTE negotiated a similar long-term three-party agreement to manage toll equipment installation, customer service and adjudication and toll collection services between HPTE, PRD and E-470 for US 36 and I-25 Central.

Switchable Transponders: The new Express Lanes accommodate a variety of traffic types (for example, buses, HOV's, and toll-paying traffic) within a single lane, necessitating that the vehicles in the lane be able to declare whether they are toll-paying or driving for free. In the past on the I-25 Central Express Lanes, high occupancy vehicles (HOV) were able to "self-declare" their toll-free status by getting in the lane reserved for such traffic. Now, because the Express Lanes accommodates all types of traffic, the lane recognizes the toll/non-toll status of vehicles by the signal that their transponder sends to the toll equipment (vehicles without a transponder will be automatically billed a license plate toll, or LPT).

The Express Lanes require a new type of transponder that can accommodate a vehicle's HOV status as well as its toll-paying status as the situation presents itself. The new "switchable transponder" allows the driver to toggle between HOV-free and toll-pay status depending on how many people there are in the car at the time.

To date, 67,000 switchable transponders have been purchased and distributed (the \$15 price tag covers the cost of manufacturing and shipping the device) with an average of 1,500 being distributed per week since they were offered in spring 2015. The new transponders support the HOV-free/toll paying choices of many regular commuters. Drivers who choose to not drive as an HOV can still use the free sticker transponder that does not feature the toggle function.

Temporary License Plate Legislation: SB 15-90 was passed by the Legislature to update Colorado's temporary license plate program. The bill allows for more durable, readable temporary plates to be affixed to the rear license plate holder, rather than inside the rear window. The new placement of the temporary tags will help eliminate a significant source of toll revenue leakage, eventually making license plate tolling more efficient and less costly.

P3 Open Records and Amended Transparency Policy: In August, 2015, the HPTE Board adopted an open records policy relating to P3's and also amended the existing P3 Transparency Policy to reflect the addition of specific open records provisions. This attempts to balance the need for a competitive process with HPTE's interest in conducting open and transparent procurements. The Transparency Policy was updated regarding the timing of town hall meetings for P3 procurements to better coincide with the voluntary public record disclosure schedule set forth in the Colorado Open Records Act (CORA) Policy. Please see the "First Amended Transparency Policy Relating to Public-Private Partnerships" in Appendix 3 of this report.

Pending Litigation: On March 22, 2014, the Drive Sunshine Institute, a clean energy advocacy group, filed suit against the HPTE and other related defendants to enjoin the HPTE from moving forward with the US 36 Express Lanes Phase 2 project. The case was dismissed without prejudice on February 19, 2015.

3.0 FINANCIAL STATUS

3.1 Revenues and Expenditures

Revenues and expenses of the HPTE are accounted for on a fiscal year basis. For FY 2015 (which ended on June 30, 2015), total unaudited HPTE revenues were \$8,865,008. Total unaudited HPTE expenditures in FY 2015 were \$7,906,016. The decrease in revenue and expenses from FY 2014 reflects the turnover of I-25 operations and revenue collection to a third party operator. Also in 2015, HPTE completed its billing for local entity contributions toward US 36 and fully incurred most of the construction expenses as well. A current unaudited budget-to-actual through November 30, 2015 is attached as [Appendix 4](#) to this report, and provides a snapshot of HPTE's budget.

3.2 Audited Financials

The HPTE's finances are audited each year as part of the State audit. The audited financial report will be posted when released by the Legislative Audit Committee to HPTE's website, www.coloradoHPTE.com.

3.3 Sustainable Business Planning

In January 2015, a final analysis on the value of services that HPTE provides to CDOT was completed. In recognition of the specialized nature of the expertise and services HPTE provides to CDOT, a fee for service model was determined to be the most appropriate option available for HPTE to deliver the fair market value of the services it provides to CDOT. Further, the fee-for-service model substantiates the business relationship between HPTE and CDOT and allows HPTE to repay all CDOT operating loans extended under the statute.

To execute this new arrangement, a Fee-for-Service Intra-Agency Agreement between HPTE and CDOT was approved at the end of Fiscal Year 2015, along with an HPTE scope of work for upcoming Fiscal Year 2016.

4.0 STATUS OF TRANSP. INFRASTRUCTURE PROJECTS

4.1 Projects Completed or Under Construction

I-25 Downtown Express Lanes: Tolled Express Lanes in the barrier-separated I-25 HOV/bus reversible corridor opened in June 2006, marking the first time solo drivers could legally access existing HOV lanes by paying a toll. The I-25 Express Lanes, also known as high occupancy toll (HOT) lanes, extend along a roughly seven-mile section of I-25 between downtown Denver and US 36. Carpools, RTD express and regional buses, hybrid vehicles with permits and motorcycles continue to use the lanes toll-free. On March 7, 2014, Plenary Roads Denver (PRD) began operation and maintenance responsibilities on these lanes under the US 36 Concession Agreement.

The I-25 HOV/Express Lanes continue to operate as anticipated. PRD's FY 2015 revenues demonstrate stability, expected seasonal fluctuations and moderate overall increases as traffic volumes grow with population. In late July 2015, the requirement that HOVs and motorcycles also declare their toll-free use via transponder was implemented. The data outcome has been an expected spike in license plate tolling numbers, as the Express Lanes HOV users adjust to the new lane configuration and begin to use the new switchable transponder. HPTE anticipates in early 2016 the distribution of traffic types will begin to normalize to around 25% ExpressToll, 10% license plate toll, and 65% ExpressToll+ (the new HOV switchable transponder traffic type).

Monthly and Quarterly performance updates for I-25 Express Lanes can be found on www.coloradoHPTE.com.

US 36 Bus Rapid Transit (BRT)/Express Lanes Concession Agreement: Plenary Roads Denver (PRD) was selected in a competitive process that started in 2012. The Concession Agreement was signed in February 2013, and became effective for all purposes at the end of February 2014 after an open and coordinated effort by HPTE, CDOT, and PRD working together and with local, county, state governments and stakeholders.

The US 36 Concession Agreement requires PRD to finish construction of the US 36 toll lanes and the reconstruction of the general purpose lanes, to finance almost one-third of the total project cost (over \$500 million), and to operate and maintain the entire corridor (I-25 Express Lanes and US36) over a 50-year period. The contract requires PRD to return the project to CDOT in reconstructed condition at the end of the concession term. PRD has the right, subject to certain contractual limitations, to collect tolls from the Express Lanes until its investment is paid off and they have reached an agreed upon rate of return. After that point, HPTE and the corridor stakeholders, including local governments, will share in those revenues throughout the contract term.

The Concession Agreement is posted at www.coloradoHPTE.com.



4.0 STATUS OF PROJECTS [CONT.]

Phase 1 and Phase 2 US 36 BRT/Express Lanes: The US 36 Express Lanes Project is a multi-modal project with a tolled express lane in each direction on US 36, in addition to the two free general purpose lanes. The Express Lanes accommodate HOV, BRT and tolled vehicles. In addition, the project has replaced several bridges, built a commuter bikeway, added BRT improvements, and installed Intelligent Transportation Systems (ITS) for tolling, transit and traveler information and incident management. Included as part of the US 36 Project system are the reversible HOV/Express Lanes on I-25.

Phase 1, a CDOT design-build project, extends from Federal Boulevard to 88th Street in Louisville/Superior, and opened for tolling on July 22, 2015, after a month of toll-free toll equipment testing in the new lanes. Tolling began on July 22, 2015, on Phase 1, and commuters have adapted quickly to the new Express Lanes options on US 36 and I-25. Bus speeds on US 36 are maintaining the 45 mph minimum travel speeds, getting riders where they need to go more efficiently; cyclists are actively using Phase 1's 11-mile bikeway between Louisville and Westminster; and more than 67,000 switchable HOV transponders have been sold to date.

Phase 2 from 88th Street to Table Mesa Drive in Boulder will open for tolling in early 2016. Phase 2 is CDOT's first P3, an innovative partnership where the public and private sectors team together to provide transportation improvements and services to the traveling public. CDOT and HPTE entered into a 50-year agreement with Plenary Roads Denver, and about two-thirds of the Phase 2 Project costs are funded through PRD equity and non-recourse debt. The project delivers much-needed capacity, while shifting operations and maintenance and replacement obligations to the private sector for the next 50 years. This P3 arrangement enabled the project to be completed 20 years sooner than if CDOT had relied on traditional financing approaches.



4.0 STATUS OF PROJECTS [CONT.]

Quarterly operations reports for US 36 and I-25 Express Lanes are provided by PRD. The FY 2016 First Quarter Operations Report for US 36 (for the months of July through September, 2015 which also includes reporting for I-25 Central) can be found at www.coloradoHPTE.com. Some highlights from the first months of operation for US 36 Phase 1 are:

- Traffic is following seasonal norms, as anticipated by the historical traffic counts from I-25 Central.
- There are expected significant increases in ExpressToll (transponder) and License Plate Toll (LPT) traffic counts, with a commensurate drop in HOV counts. This is due to customers learning how to use the new lanes, including purchasing the switchable transponder for HOV use. It is expected that the distribution of traffic types will begin to normalize to around 25 percent ExpressToll, 10 percent license plate toll, and 65 percent ExpressToll+ (the new HOV switchable transponder traffic type) in the coming months.
- ExpressToll, HPTE's backoffice partner on tolling and customer service is meeting customer service goals.
- There have been more than 67,000 switchable transponders sold this year, with a weekly average of 1,500 being distributed.
- The Project (I-25 Express Lanes and US 36 Phase 1) revenues for the first FY16 quarter were as expected, with \$1.2 million and \$330,000 collected respectively.

The HPTE Board took action to approve proposed toll rate schedules in May for Phase 1, and in October for Phase 2 and Special Events from PRD.

For an overview of the US 36 Express Lanes Phase 1 Proposed Toll Rate Schedule, visit: www.coloradoHPTE.com

For an overview of the US 36 Express Lanes Phase 2 and Special Events Proposed Toll Rate Schedule, visit: www.coloradoHPTE.com

For more information on this corridor, visit www.codot.gov/programs/expresslanes, www.codot.gov/projects/US36ExpressLanes

More information about US 36 Express Lanes public outreach can be found in [Appendix 1](#), "Summary of 2015 HPTE Public Outreach Events."

4.0 STATUS OF PROJECTS [CONT.]

I-70 Mountain Corridor Express Lane: In 2015, HPTE worked with CDOT to finance the \$78 million eastbound Mountain Express Lane project, which opened in December 2015 to provide critical congestion relief in this heavily travelled recreational corridor. The project is funded in part with a \$24.6 million bank loan (2.79% interest rate during the initial seven-year term) procured by HPTE and secured by projected toll revenues. HPTE will issue bonds to refinance the loan if it is not repaid by toll revenue during the initial term.

The project, part of CDOT's comprehensive plan to improve travel in the I-70 Mountain Corridor, upgrades 13-miles of eastbound I-70 within CDOT's existing right-of-way. The improvements feature a wide shoulder that will operate as a third travel lane only during peak travel periods, such as weekends and holidays. Tolls on the Express Lane are priced to keep traffic moving, which means toll prices will decrease to encourage drivers to use the lane, and increase as the lane reaches capacity. The morning opening ExpressToll rate will be \$3, rising to a cap of \$30 if congestion levels necessitate. Given the high-occupancy nature of the traffic in the I-70 mountain corridor, there will not be an HOV-free option. CDOT and HPTE opened this express lane, which is the first in the country to serve recreational, not commuter traffic, in the mountains, and only during peak periods. The toll prices are set as a range in order to provide a reliable travel time based upon these unique characteristics. The eastbound I-70 Mountain Express Lane opened on December 13, 2015, and is operated and maintained by CDOT and HPTE.

The benefits of the I-70 Mountain Express Lane include:

- Provide drivers with the choice of paying a toll for access to a new travel lane with a reliable travel time, in addition to the two free existing lanes, which will increase overall capacity to the corridor
- Reduce travel time by up to 30 minutes
- Enhance recent improvements to the mountain corridor, including the Twin Tunnels (Veterans Memorial Tunnels)

The I-70 Mountain Express Lane project adheres to the I-70 Mountain Corridor Context Sensitive Solutions (CSS) process, which includes a Project Leadership Team and a Technical Team. These groups (including local elected officials, businesses and other stakeholders) develop guiding core values that are vital in creating viable solutions for the congested corridor, ultimately resulting in the Mountain Express Lane project among others. Both groups are regularly consulted on the status of the project.

The HPTE Board took action to approve proposed toll rate schedules in October. For more information about I-70 Mountain Express Lane public outreach, visit: www.coloradoHPTE.com

Please see a summary of the 2015 I-70 Mountain Express Lane public outreach in [Appendix 1](#).

4.0 STATUS OF PROJECTS [CONT.]



I-25 North Metro Express Lanes:

In October 2013, construction began on the extension of Express Lanes on I-25 north from US 36 to 120th Avenue. This six-mile segment maximizes the use of the existing highway infrastructure to expand the capacity of I-25 by using the inside shoulder of the road, creating one new Express Lane in each direction. The project includes reconstruction of the connection with the existing I-25 Downtown Express Lanes. In addition, the project accomplishes resurfacing of the existing general purpose lanes, adding and improving sound barriers, and installing an Active Traffic Management (ATM) System that alerts drivers of downstream backups or incidents. When completed, RTD buses, permitted hybrids, HOV and motorcycles will use the Express Lanes for free, and other drivers can opt to pay a toll for a trip in the Express Lanes. The \$72 million project cost includes a \$15 million TIGER grant, with the balance funded by the state and local governments.

The I-25 North Express Lanes are projected to open in spring 2016, and will be operated and maintained by HPTE and CDOT. To provide a reliable travel time, toll prices on the Express Lanes will decrease and increase to manage capacity in the lanes.

On December 17, 2015, the Transportation Commission approved credit support to HPTE for commercial loan financing for Segment 3 of I-25 North, which extends from 120th St. to E-470 on the north. This step was critical as it allows the project construction to go to advertisement on schedule. HPTE and OMPD will continue to work with the project team to identify the ideal timing for the future loan, which could close as early as January 2016 or in the spring.

I-70 East:

Fifty years ago, when Colorado's population was only one-third of today's 5.2 million, I-70 through north Denver (from I-25 to Tower Road) opened. In the decades since then, I-70 has grown into the state's most important east-west transportation corridor. Today, it ties together Denver International Airport, the city's central business district, communities throughout the Denver metro region, mountain resorts and communities in the Eastern Plains and Western Slope. The deteriorating viaduct that carries approximately 140,000 vehicles a day through Denver's Elyria, Swansea and Globeville neighborhoods is reaching the end of its useful life.

I-70 East is one of the most heavily traveled and congested highway corridors in the Denver region and the State. For the last decade, CDOT has been studying a series of improvements to this corridor to make the interstate safer, relieve congestion, and address aging infrastructure.

After working closely with stakeholders during the Environmental Impact Study (EIS) process, CDOT is identifying a preferred option for the future of I-70 East. This alternative, known as the Partial Cover Lowered Alternative, proposes to remove the 50-year-old viaduct between Brighton Boulevard and Colorado Boulevard, lower the highway along this section, and construct a 4-acre landscaped cover over the interstate. New capacity and mobility would be provided through one additional managed lane in each direction. The full Supplemental Environmental Impact Statement (SDEIS) was released for public comment on August 29, 2014. The Final Environmental Impact Statement (FEIS) will be issued in January 2016 and a Record of Decision is expected in summer 2016.

4.0 STATUS OF PROJECTS [CONT.]

4.2 2016 Focus Projects

On September 15, 2015, CDOT and HPTE released the first section of the Request for Proposals (RFP) for the I-70 East Project. While not precluding the outcome of the FEIS, this public release is another step in CDOT and HPTE's ongoing commitment to increased transparency, efficiency and public participation. This release was preceded by three rounds of public meetings, which have been held prior to each stage of the procurement process and are described in Appendix 1. The RFP lays out CDOT's expectations in the project's technical scope, contractual requirements and performance standards. Four developer teams were selected in July 2015 to respond to the RFP with highly detailed information about how they propose to design, build, finance, operate and maintain the I-70 East Project. In addition, teams must provide detailed financial information and outline how they will ensure transparency and meet the goals of the state, the general public and impacted communities. The four shortlisted teams are:

- **5280 Connectors** - [Executive Summary](#) - [Statement of Qualifications](#)
- **Front Range Mobility Group** - [Executive Summary](#) - [Statement of Qualifications](#)
- **I-70 Mile High Partners** - [Executive Summary](#) - [Statement of Qualifications](#)
- **Kiewit / Meridiam Partners** - [Executive Summary](#) - [Statement of Qualifications](#)

Selection of the winning team will be made in late 2016.

In August, HPTE and CDOT hosted four public meetings, as part of transparency and public outreach efforts required from the HPTE's Transparency Policy on P3s. These four meetings were held following selection of short-listed proposers and prior to issuance of a Request for Proposals. For more information about public participation on I-70 East, please visit www.coloradoHPTE.com.

A summary of this outreach can also be found in [Appendix 1](#) of this report.

4.0 STATUS OF PROJECTS [CONT.]

C-470 Express Lanes:

C-470 is the southwestern portion of the Denver Metro's beltway. It runs along the densely populated Highlands Ranch and connects travelers from I-70 West to I-25 South. This critical economic metro corridor carries upwards of 100,000 vehicles every day in its busiest sections, and by 2025 it is expected that the population in the corridor will grow by nearly 35 percent.

In 2012, the C-470 Coalition, consisting of elected and appointed officials along the corridor, identified a technical interim solution for congestion on the segment of C-470 from I-25 to Wadsworth. The solution features additional tolled Express Lanes and auxiliary lanes to accommodate safe merging and exiting. The proposed solution also includes reconstruction and rehabilitation of the existing general purpose lanes.

HPTE and CDOT evaluated various private delivery models for the project, including a revenue-transfer public-private partnership structure. Based on the Preliminary Value for Money Analysis, the project scope, available public funding and extensive public input, the HPTE staff concluded the State does not appear to receive any additional value in delivering the C-470 project using a public-private partnership model.

In November 2014, the HPTE Board adopted a resolution recommending a traditionally financed design-build project delivery to the Transportation Commission. The project cost estimate ranges from \$329 million (contingent on financing support from TIFIA) to \$357 million should the project require 100 percent financing from the private sector. CDOT and local partners are contributing \$112 million in public funding to the project with the remaining \$212 million to be secured through debt financing.

The Level II Traffic and Revenue study (underwritten by Douglas County) was proceeding in its analysis under the premise that all vehicles would be tolled. CDOT conducted an analysis of whether this project should be designated as an HOV Facility. In July 2013, the C-470 Corridor Coalition delivered correspondence to CDOT stating their preference that the C-470 Project not be designated as an HOV Facility, in light of inherent conflicts that HOV Facility operations have with projects that rely on toll revenues to pay debt financing.

The C-470 Express Lanes Project is approximately one-third financed through CDOT money, and the remaining two-thirds through debt financing. Within the C-470 project, approximately one-third of the project cost is for roadway reconstruction, and the remaining two-thirds for adding new capacity. CDOT's review of the financial impact of an HOV Facility on C-470 determined there would be an immediate reduction of \$40 million in loan proceeds available to construct the project, and an on-going reduction in annual toll revenues, reducing the available construction funding for the ultimate (2035) build out by \$100 million Net Present Value (NPV). With this projected impact to the construction price and no other funding sources available to close the gap, CDOT staff determined that C-470 is not a viable project with a HOV3+ exemption. CDOT's "HOV3+ Exemption Analysis" is included in this annual report in Appendix 5.

Based on this financial analysis, in October 2015, the HPTE Board recommended to the Transportation Commission that the C-470 Express Lanes Project not include toll-free HOV3+ travel at this time. The Transportation Commission agreed, with the provision that should revenues exceed the cost to repay the bonds, that this decision should be reconsidered.

The final Request for Proposals (RFP) was released November 30, 2015. Construction of the project is expected to start in 2016 with a completion date scheduled for 2018. The C-470 Express Lanes will be operated and maintained by HPTE and CDOT.

4.0 STATUS OF PROJECTS [CONT.]

I-25 North to Wyoming:

Interstate 25 plays a significant role in the quality of life and economic vitality of a growing northern Colorado, from US 36 in the Denver metro area to SH 1 in Wellington. According to the State Demography Office, the population of Larimer County, currently 316,000, is expected to increase 52 percent by 2040. Similarly, Weld County's population of 268,400 is expected to increase 111 percent by 2040. The Colorado Department of Transportation (CDOT) forecasts that this population growth will increase the number of vehicles making daily trips along the I-25 corridor by 60 percent in 2040.

In December 2013, HPTE and the Office of Major Project Development invited key public-private partnership industry representatives to suggest ways to advance the North I-25 project. After reviewing the projected toll and other revenues available for the project, HPTE determined that the project is not, at this time, a likely fit for private investment.

To provide the same, or better, quality of life and economic vitality for the future, improvements are needed on I-25. The North I-25 project has a strategy to provide modern and effective multi-modal transportation solutions for residents, employees, freight, and visitors traveling between Denver and Wyoming. To provide funding flexibility, CDOT is designing the corridor in segments and phases according to the Final Environmental Impact Statement (FEIS).

Initial Improvements include:

- Two general-purpose lanes and one tolled express lane in each direction—US 36 to SH 7 and SH 66 to SH 14
- Reconstructed interchanges and bridges
- Express bus service
- Incorporation of intelligent transportation systems
- New carpool and transit facilities

Based on existing revenues, the ultimate build-out of the project is expected by 2075. It is anticipated that continuous improvements will be made in accordance with the FEIS phasing plan from now until 2075. Ultimate build out improvements will include three general purpose lanes and one tolled express lane in each direction on the entire corridor, and additional carpool and transit facilities

The key benefits of this corridor project are greater traffic safety, replacement of aging and functionally obsolete infrastructure, providing a choice of a new reliable travel lane, and increasing public transit options.

HPTE and OMPD will continue to evaluate ways of financing transportation improvements along the North I-25 corridor between Denver and Fort Collins. A Level 2 Traffic and Revenue analysis (which assumes an HOV 3+ policy) has been completed and is being used to determine how much toll revenue could be generated by the I-25 North Metro Express Lanes to support the additional capacity improvements in the corridor. Public outreach and communications will remain a high priority for HPTE and CDOT as the evaluation of options continues.

5.0 RECOMMENDED STATUTORY CHANGES

The HPTE coordinates its legislative activity through CDOT. There are no legislative matters anticipated by the HPTE for the 2016 session.



www.coloradoHPTE.com

4201 E. Arkansas Ave. Room 230

Denver, CO 80222

dot_hpte@state.co.us

303-757-9249