

**Bridge Enterprise Board
Regular Meeting Minutes
Thursday, January 16, 2014**

PRESENT WERE: Doug Aden, Chairman, District 7
Ed Peterson, Vice Chairman, District 2
Shannon Gifford, District 1
Gary Reiff, District 3
Heather Barry, District 4
Kathy Gilliland, District 5
Kathy Connell, District 6
Sidny Zink, District 8
Les Gruen, District 9
Bill Thiebaut, District 10
Steven Hofmeister, District 11

ALSO PRESENT: Don Hunt, Executive Director
Gary Vansuch, Director of Process Improvement
Debra Perkins-Smith, Director of Division of Transportation
Scott McDaniel, Acting Chief Engineer
Heidi Humphreys, Director of Admin & Human Resources
Amy Ford, Public Relations Director
Scott Richrath, CFO
Herman Stockinger, Director of Policy and Government Relations
Mike Cheroutes, Director of HPTE
Mark Imhoff, Director of Division of Transit and Rail
David Gordon, Aviation Director
Ryan Rice, Director of Operations Division
Darrell Lingk, Director of Office of Transportation Safety
Tony DeVito, Region 1 Transportation Director
Tom Wrona, Region 2 Transportation Director
Dave Eller, Region 3 Transportation Director
Johnny Olson, Region 4 Transportation Director
Myron Hora, Acting Region 4 Transportation Director
Kerrie Neet, Region 5 Transportation Director
Kathy Young, Chief Transportation Counsel
John Cater, FHWA
Vince Rogalski, Statewide Transportation Advisory Committee (STAC)

AND: Other staff members, organization representatives,
the public

Chairman Aden convened the meeting at 1:00p.m. in the CDOT Headquarters building at 4201 E. Arkansas Avenue, Denver, CO.

Audience Participation

The Chairman noted that no members of the audience wished to address the Board of Directors.

Act on Consent Agenda

Chairman Aden stated that the next thing on the Agenda was action on the Consent Agenda. Director Connell moved for approval of the Consent Agenda. The motion was seconded by Director Gilliland. Upon vote of the Board, the motion passed unanimously.

Resolution #BE-149

Approval of Regular Meeting Minutes for December 19, 2013.

BE IT SO RESOLVED THAT, the Minutes for the December 19, 2013, meeting of the Bridge Enterprise Board of Directors are hereby approved by the Bridge Enterprise Board as published in the Agenda for the January 15 & 16, 2014, meeting of the Bridge Enterprise Board of Directors.

Discuss and Act on Resolution to Approve the 6th Budget Supplement for FY2014

Scott Richrath stated that there was one request in the 6th Budget Supplement. In Region 1, there is a request for \$600,000 to establish the design phase for a deficient bridge that will be replaced as part of the I-70 Peak Period Shoulder Lane project. Tony DeVito described this during this presentation on the Twin Tunnels during the Transportation Commission.

Chairman Aden entertained a motion to approve the 6th Supplement to FY2014 budget. Director Gilliland moved to approve the resolution, and Director Reiff seconded that motion. Upon a vote of the Board, the resolution was approved unanimously.

Resolution #BE-150

BE IT SO RESOLVED THAT, the 6th Budget Supplement for FY'2014 is hereby approved by the Bridge Enterprise Board.

FASTER Lawsuit Appeal Update

Kathy Young provided an update for the lawsuit that the TABOR foundation brought against the Bridge Enterprise and against the Transportation Commission. The TABOR Foundation sued alleging that the registration fee associated with FASTER was in fact a tax and should have gone before a vote of the people. They also alleged that the way the Bridge Enterprise valued bridges was incorrect.

The Transportation Commission and the Bridge Enterprise Board of Directors decided to hire Mark Gruskin as outside counsel to formulate their defense. He was retained as a special attorney general.

The case went to a bench trial in May 2013. The judgment was in favor of the Bridge Enterprise on both issues. The TABOR foundation filed an appeal in September 2013, and the brief is due at the end of January 2014. It is a slow moving process.

Director Hunt asked for a timeline. The hope is that the appellate phase will conclude in the beginning of 2015. The Attorney General's office will ask for an expedited decision in the case, but there is no guarantee of that. There is no right of appeal to the Supreme Court, but either side can file a cert to the Colorado Supreme Court. If the Supreme Court accepted it, it would be another year added to the process.

Mr. Gruskin has changed law firms but will continue to work alongside the AG's office for the appellate phase.

Chairman Aden stated that the plaintiff has asked Club 20 and possibly other organizations to file amicus briefs in support of their position in this case.

Monthly Progress Report

Scott McDaniel stated that there is a precedent setting effort that went into the schedule change control board. The December Scheduled Performance Index (SPI) is .93. The previous one was a .90. On paper it looks like an increase, but it is due to a single project. The staff did a baseline adjustment on State Highway 88, Arapahoe Road over Cherry Creek. That project had difficulties meeting its original schedule and was plagued throughout the design phase. It was underperforming throughout the process. Once the design phase was completed, it was advertised and is now into the construction phase. Staff decided to re-establish the baseline to give the construction phase a fair and objective starting point in order to accurately track the construction phase, while acknowledging there had been problems in the design phase.

It is important to point this out for the Board because it could set a precedent for all the projects as to whether this is an appropriate adjustment as CDOT moves into program management for all projects.

Therefore, the apparent .03 increase in SPI is due to one baseline adjustment.

He stated that there were three overperforming projects for a total of \$7.5 million in earned value, which increased the SPI by .02.

He stated that there are still 13 railroad projects with a combined earned value of \$20.3 million which have negatively affected the SPI by .05. They are continuing to try to improve relations and contracting ability with the railroads. Every state DOT, not only Colorado, struggles with getting cooperation from the

railroads. There is both a national and local effort to try to improve that process.

Major achievements include the completion of the legislatively required Annual Report and submitted it by the January 2014 deadline, the completion of the 2013 Year in Review Presentation and the Three Year Financial Plan. The major topic of that is the funding for the I-70 Viaduct and how that will impact the Bridge Enterprise.

The Attorney General gave an update on the FASTER lawsuit.

There have been no bridges advertised or completed this month. As the Bond Program is winding down and the PAYGo program begins, the Commission will need to decide how often it would like to see these updates. There will not be much activity in the coming months. The intent is that the Bridge Enterprise will be rolled into Program Management as a separate portfolio.

Commission Reiff stated that it is probably necessary to see the updates separately as part of Bridge Enterprise, although perhaps not as frequently.

Although Bridge Enterprise did not meet the goals of the Bond Expenditure Program, it was very close. The Bond Council was satisfied with the result.

Bridge Enterprise 2013 Year in Review

Scott Richrath discussed FASTER legislation. He mentioned that earlier Commissioner Gilliland had asked about the impact that funding the I-70 Viaduct project would have on the rest of the program. Approximately 10 bridges become poor every year. Looking out to the future, that number is likely to increase to 20 each year. Poor is defined as a Sufficiency Rating of 50 or less that is either structurally deficient or functionally obsolete.

For calendar year 2013, 99 bridges were completed, which is more than 50% of bridges that were poor. Of the 30 worst, 90% are complete. From a deck area standpoint, there is still a long way to go due to the I-70 Viaduct.

The Bond Program did not quite hit the goal from a dollar delivery standpoint, but it did meet other goals. One goal was to repair or replace 40-50 bridges by the end of the year, and 51 were completed by the end of the year. Looking at year over year, Bridge Enterprise went from 27 to 51, completing two bridges each month. It is unlikely that 24 bridges will be completed in the coming year due to pending decisions on the I-70 Viaduct.

From a financial standpoint, there has been \$350 million of Bridge Enterprise spending to date between bond funding and pay as you go. Total 2013 spending is \$154 million, nearly one half spent in the previous year.

From an economic standpoint, there have been 1400 jobs created as result of Bridge Enterprise activity.

There is a .9 SPI goal, and for the calendar year 2013 the SPI was .93.

There is a prioritization plan in place that was approved by the Board. Even without funding the Viaduct, the deterioration curves show that the Bridge Enterprise is not going to maintain the current rating that exists on the bridge infrastructure. By the year 2030-2034, Colorado edges closer to the national threshold of 10% of less structurally deficient. Bridge Enterprise does not have the luxury of simply replacing a bridge that is poor. There is now a decision flow diagram that each bridge will go through in order to determine whether it will be repaired or replaced. Then the diagram will help determine if the bridge needs to be replaced immediately or can be postponed until a later opportunity as part of a larger project. This will use good asset management techniques and decisions that turn the Enterprise into an optimization resource for the entire state bridge infrastructure.

The goal of the prioritization plan is to prolong the life of the structures. The assumption is that a structure will last approximately 60 years, but it is possible to treat these structures to extend the life to 75 years or more. Undertaking a cleansing system by having maintenance teams remove debris either annually or biannually can extend the life of the joints, support and substructure of those bridges.

The Bridge Enterprise has set a standard and led the initiative in CDOT in SPI monitoring for projects.

FASTER has allowed Bridge Enterprise to pursue innovations. One is the pursuit of alternative contract delivery methods. Bridge Enterprise has done \$360 million worth of work through what had been alternative delivery methods for this Department only 5 or 10 years ago, including design build and construction management delivery. There was a slide-in bridge on Pecos, demonstrating innovation not only in contract delivery but also in project delivery.

The Bridge Enterprise well exceeded its Disadvantaged Business Enterprise goals for 2013.

There is an awards submittal in the process to the International Road Federation, and those results should be returned early in 2014.

The work of Bridge Enterprise has been shared by 56 contractors across the state.

In the year 2014, the Bond Program will be closed out because there are only tens of millions of dollars left to be spent of the original \$300 million. There will be conversations about future bond offerings in the context of the I-70 Viaduct and the pending appeal of the FASTER lawsuit.

Bridge Enterprise is working with AECOM to put together a financial plan that will hinge on the Viaduct and what that will mean to the rest of the

infrastructure. The goal through cash management is to have dollars coming in and going out at an even flow over time rather than large influxes at varying rates. Over the last three years, the pipeline for cash flow has become clearer. The Viaduct is the one issue that can have a large impact on the flow of cash.

Chairman Aden stated that this report highlights the great success of the Bridge Enterprise of the last several years. He thanked everyone involved in the Bridge Enterprise.

Commissioner Gilliland stated that with the asset management program moving forward, optimizing maintenance has been prioritized over replacement. She asked if there is an upgrade plan for the teams who are maintaining the structures, including more employees.

Scott Richrath stated that they have been operating a level baseline from a staffing standpoint. They are trying to push out \$300 million a year of additional program. Most of that will be done through the private sector, including deck seal and joint replacement on several hundred structures that are not yet poor. The hope is to keep the number of bridges that become poor each year at a level that Bridge Enterprise can handle, approximately 10-15 per year.

Adjournment

Chairman Aden asked if there were any more matters to come before the Bridge Enterprise Board and hearing none, Chairman Aden announced the adjournment of the meeting at 1:32p.m.