

MEMORANDUM



COLORADO
Department of
Transportation

Office of Major Project Development

4201 East Arkansas Avenue, Room 158
Denver, Colorado 80222
(303) 757-9168

DATE: July 17, 2014

TO: Transportation Commission

FROM: Ben Stein, Director, Office of Major Project Development

SUBJECT: I-70 East Project Action

Purpose

The Transportation Commission is asked to refer the procurement of I-70 East project to the High Performance Transportation Enterprise (HPTE) Board to further pursue Public-Private Partnership opportunities for the I-70 East Project.

Action Requested

Approve the referral of the I-70 East Project to the HPTE Board.

Background and Staff Recommendation

In December, January, February, April, and June, Transportation Commission workshops were held to discuss the I-70 East project. Information presented at these workshops discussed a range of options to procure this complex major project. The options include:

- Performance based design/build/operate/maintain/finance concept (Performance Based Public-Private Partnership)
- Toll-risk based design/build/operate/maintain/finance concept
- Design/build/finance concept
- Design/build public funding approach

The use of all these options will call for financing of the project in some form. Accordingly, the HPTE will play a central role in the development and financing of this project regardless of the procurement methodology ultimately selected.

Based on the financial information presented to the Transportation Commission, CDOT staff recommends the Performance based design/build/operate/maintain/finance concept (Performance Based Public-Private Partnership). The HPTE Board has concurred with this recommendation and is prepared to proceed along this path on behalf of the department and the Bridge Enterprise.

CDOT staff recommends the Performance Based Public Private Partnership option because:

- The Performance Based option has the potential to create large project savings in the \$200 million range when compared to a design/build procurement.
- The Performance Based option will provide a second corridor, beyond US 36, for long term operations and maintenance guarantees. Over the long term, using some performance "leases" to ensure long term infrastructure quality is a prudent business practice for CDOT.

HPTE will report to the Transportation Commission the progress of the procurement and will provide quarterly reports to the Transportation Commission regarding the status of the I-70 East project and the related procurement efforts. If the HPTE identifies a need to alter the procurement methodology, it will promptly inform the Transportation Commission of its reasons to do so.

Next Steps

1. HPTE will, in administering the I-70 East Project procurement:
 - will continue to engage the public and solicit public input consistent with Executive Order D14-010
 - conduct an updated value for money analysis prior to issuing a Request for Qualifications,
 - provide primary contract terms to the Transportation Commission for its review prior to contract finalization, and,
 - prepare, in cooperation with the Office of Major Project Development, quarterly reports to the Transportation Commission regarding the status of the I-70 East Project and the related procurement efforts.
2. The Transportation Commission will continue to evaluate all future budgeting for the I-70 East Project.
3. CDOT Staff will develop a comprehensive program addressing disadvantaged and small business utilization and workforce training in administering the procurement for the I-70 East Project and provide the details of this program to the Transportation Commission.
4. Staff will consider and recommend an HOV policy for the I-70 East Project that provides system continuity with existing and proposed express lanes and is responsive to input from corridor stakeholders.

If you have any questions, please feel free to contact me at (303) 757-9168.

Attachment: Resolution

Resolution #TC-

Approving referral of the I-70 East Project to the Colorado High Performance Transportation Enterprise to pursue Public-Private Partnership opportunities in the procurement of the I-70 East Project.

Approved by the Transportation Commission on: _____

WHEREAS the Transportation Commission is responsible, pursuant to Section 43-1-106(8), C.R.S., for formulating the general policy with respect to the management, construction, and maintenance of public highways of the Colorado Department of Transportation (CDOT); and

WHEREAS the General Assembly created the Colorado High Performance Transportation Enterprise (HPTE), pursuant to Section 43-4-806, C.R.S., as a government-owned business within CDOT to pursue innovative means of more efficiently financing important surface transportation projects that will improve the safety, capacity, and accessibility of the surface transportation system; and

WHEREAS such innovative means of financing projects include, but are not limited to, public-private partnerships, operating concession agreements, user fee-based project financing, and availability payment and design-build contracting; and

WHEREAS CDOT, in conjunction with HPTE and the Colorado Bridge Enterprise, has investigated various delivery methods that can be utilized in delivering an important surface transportation project that includes replacing the I-70 viaduct between Brighton Blvd and Colorado Blvd with a Partially Covered Lowered (PCL) highway and other improvements reaching as far east as Tower Road (I-70 East Project); and

WHEREAS the delivery methods reviewed for the I-70 East Project have included (i) a performance based design/build/operate/maintain/finance concept (Performance Based Public-Private Partnership); (ii) a toll-risk based design/build/operate/maintain/finance concept; (iii) a design/build/finance concept; and (iv) a design/build public funding approach; and

WHEREAS based on initial value for money analysis considered by the Transportation Commission, other financial information available to the public, and public input received to date, the Performance Based Public-Private Partnership appears to give CDOT the best value for its money in delivering the I-70 East Project in a timely and efficient manner;

WHEREAS the Transportation Commission has determined that HPTE, the entity statutorily authorized to pursue innovative means of financing surface transportation projects, is uniquely suited to handle the procurement efforts

related to implementing the I-70 East Project, with the support of the Office of Major Project Development; and

WHEREAS the Transportation Commission supports the efforts of HPTE to involve the public as it evaluates financing options for I-70 East Project and to continue to solicit and consider public input.

NOW THEREFORE BE IT RESOLVED, the Transportation Commission hereby refers the procurement of the I-70 East Project to HPTE to further pursue Public-Private Partnership opportunities for the I-70 East Project subject to continued review and consideration of financial and other relevant analysis and to the continued review and consideration of public input; and

BE IT FURTHER RESOLVED, the Transportation Commission requests that HPTE, in administering the I-70 East Project procurement, conduct an updated value for money analysis prior to issuing a Request for Proposal, provide primary contract terms to the Transportation Commission for its review prior to commercial close, and, in cooperation with the Office of Major Project Development, prepare quarterly reports to the Transportation Commission regarding the status of the I-70 East Project and the related procurement efforts; and

BE IT FURTHER RESOLVED, the Transportation Commission will continue to evaluate all future budgeting for the I-70 East Project; and

BE IT FURTHER RESOLVED, the Transportation Commission directs staff to develop a comprehensive program addressing disadvantaged and small business utilization and workforce training in administering the procurement for the I-70 East Project and to provide the details of this program to the Transportation Commission; and

BE IT FURTHER RESOLVED, the Transportation Commission directs staff to consider and recommend an HOV policy for the I-70 East Project that provides system continuity with existing and proposed express lanes and is responsive to input from corridor stakeholders.