



MEMORANDUM

DATE: JUNE 17, 2015
TO: TRANSPORTATION COMMISSION
FROM: DAVID A. ELLER, REGION 3 DIRECTOR
CC: MARIA SOBOTA, ACTING CHIEF FINANCIAL OFFICER
SUBJECT: US 6 DEVOLUTION GYPSUM TO EAGLE

Purpose

This memorandum is requesting action from the Transportation Commission (TC) to fund the devolution of US 6 between the Town of Gypsum (MM 142.00) and the Town of Eagle (MM 149.67), and transfer the facility, all roadway assets, and future operations and maintenance on these assets to the Towns of Eagle and Gypsum. The Towns of Eagle and Gypsum are requesting the devolution of the above facility in the amount of \$12,500,000.

Action

CDOT Region 3 requests that the TC evaluate, discuss, and determine if the devolution of US 6 between Gypsum and Eagle is in the best interest of CDOT. Region 3 Staff have identified the following items that may benefit CDOT by reducing:

- Future maintenance, engineering, and specialty unit staff commitments to the corridor
- CDOT's future financial responsibilities for projects not identified in our asset management programs (i.e. corridor capacity improvement projects in the Towns of Gypsum and Eagle)
- CDOT's assets by eliminating three bridges, three major drainage structures, three traffic signals, 7.67 miles of pavement, and an overhead railroad structure with vertical height restrictions.

Background & Details

Region 3 presented to the May 2015 TC Meeting a proposal of \$13.1 Million, and after further discussions with Region 3 Staff and the communities, the final request for consideration from the Towns of Eagle and Gypsum is \$12,500,000.

Highway 6 serves primarily as a local road for the communities of the Town of Eagle and Town of Gypsum. This particular section of Highway 6 begins at the Gypsum Creek Roundabout (I-70 Gypsum Interchange) and ends at the Eby Creek Roundabout (I-70 Eagle Interchange Spur), creating a logical termination for CDOT responsibilities.

Both the Towns of Eagle and Gypsum have an interest in seeing this highway maintained and improved. Both municipalities have developed Access Control Plans outlining how to improve the various accesses onto Highway 6. Over the last five years, Gypsum has been designing and financing increased capacity from two lanes to four lanes through Gypsum. The Town of Eagle has also been working to improve Highway 6 access by improving shoulders, bike paths, and controlled pedestrian crossings.

Through the devolution of Highway 6, both municipalities intend to continue working to improve this connection for their communities. Devolution is attractive to local communities and provides them economic development flexibility. Additionally, it reduces obligations to follow state and federal procedures (i.e. NEPA, Uniform Act, etc.) during corridor improvement projects.

Previous devolution proposals/requests were considered in 2009 and 2013. However, CDOT now has a \$5.57 million project programmed in FY2017. Staff believes these funds contribute significantly to the viability of the devolution proposal and requests TC consideration of the proposal. Without this funding, it is unlikely that CDOT could consider devolution in the next 20 years.

CDOT's Office of Financial Management and Budget (OFMB) has prepared an updated 2015 NPV worksheet, which includes: Yearly roadway maintenance costs (~\$222,000 per year in 2015 dollars); The programmed 2017



resurfacing project (\$5.5 million plus \$70,000 Bridge Preventative Maintenance (BPM)); and the Gypsum Creek bridge replacement (\$3.77 million in 2025), which is in the 10-year Bridge Plan. The worksheet indicates that under the traditional 3% present value rate used for devolution, the Net Present Value of devolving this section of road is approximately \$12.82 million.

OFMB has also run a 4% present value scenario, possibly more reflective of the current market climate, which identifies a Net Present Value of \$12,176,196. Based on current market conditions for a similar length financing in the fixed income markets at today's interest rates, CDOT's Financial Advisor believes a 4.00% discount rate represents a reasonable cost of capital for the proposed transaction, associated to the devolution of US Highway 6.

The financial value of this proposal appears reasonable, considering several projects within the corridor have not been included in current NPV worksheets. The devolution of the roadway segments would significantly reduce the amount of CDOT resources and financial participation in the following:

- Planning, NEPA & Design in Town of Gypsum - ~\$500,000 (\$200,000 identified in the IMTPR 10-year RPP plan)
 - Construction of the Town of Gypsum Corridor including the UPRR overhead railroad bridge - ~\$30.0 million per FHU 2006 Master Traffic Study
- Planning, NEPA, & Design US 6 in Town of Eagle - ~\$500,000
 - Construction of Town of Eagle Corridor - ~\$12.0-\$15.0 million
- Other Items:
 - Improvements to three major drainage structures (two built in 1933/34)
 - Eliminate three traffic signals from CDOT system
 - Elimination of 7.67 Miles (194,000 SF) of pavement

Options and Recommendations

- 1) TC Approval of the devolution based on current financial market and 4% NPV, for the amount of \$12,176,196 with \$6,606,196 funding from TC Contingency (Staff Recommendation), or
- 2) TC Approval of the devolution of US 6 between the Town of Gypsum (MM 142.00) and the Town of Eagle (MM 149.67) in the amount of \$12,500,000, with \$6,930,000 funding from TC Contingency, or
- 3) Stop discussions on this initiative and inform the Towns of Eagle and Gypsum that the TC does not support devolution at this time.

Next Steps

- Notify the Town of Eagle and the Town of Gypsum of TC decision.

Attachments

- Attachment A: Area Map
- Attachment B: Devolution Financial Analysis
- Attachment C: Letter of Interest from Town of Gypsum and Town of Eagle



**Transportation Commission of Colorado
June 18, 2015**

**Resolution #TC-
Devolution of US 6E between Mileposts 142.00 and Mileposts 149.67**

WHEREAS, The Department of Transportation owns 7.67 linear miles of Highway in the Town of Gypsum, and Eagle and Eagle County, Colorado identified as State Highway 6 (US 6E);

WHEREAS, Region 3 has determined that abandoning this portion of US 6E would be in the best interest of Colorado taxpayers;

WHEREAS, the Colorado Revised Statutes 43-2-106 (1) (a) provides that the Transportation Commission may determine that a state highway, or portion thereof, no longer functions as a state highway, and with the agreement of each affected county or municipality, the state highway, or portion thereof, can be abandoned to the affected county or municipality;

WHEREAS, the (1) Town of Gypsum proposed to take ownership of US 6E from Milepost 142.00 to Milepost 147.7, and (2) Town of Eagle proposed to take ownership of US 6E from Milepost 147.7 to Milepost 149.67, in exchange for a payment from CDOT;

WHEREAS, the payment is anticipated to be less than the amount CDOT reasonably expects to expend to maintain, preserve, or improve this section of US 6E over the next 20 years;

WHEREAS, Colorado Revised Statutes (CRS) 43-2-106 (1) (b) further provides that any county or municipality receiving a payment from CDOT as a result of CRS 43-2-106 (1) (a) shall credit the payment to a special fund to be used only for transportation-related expenditures;

WHEREAS, the Parties desire to enter into an Intergovernmental Agreement (IGA) and agree upon the condition of the abandonment of said highway segment by the State and acceptance by the Towns of Gypsum and Eagle pursuant to the terms and conditions of the IGA;

WHEREAS, the Parties agree to prepare the necessary right-of-way plans to execute the abandonment;

WHEREAS, the governing bodies of the Town of Gypsum and Town of Eagle will adopt a resolution, agreeing to the state's abandonment of the portion of US 6E, agreeing that said highway segment no longer serves the ongoing purposes of the state highway system; committing the Town of Gypsum and Eagle to assume ownership of said highway segment in the "as is" condition;

WHEREAS, Transportation Commission is authorized pursuant to Colorado Revised Statutes (C.R.S) 43-2-106 to make determinations regarding abandonment of State Highways(s) to affected county(ies) or municipality(ies);

NOW THEREFORE BE IT RESOLVED, the Commission herein approves Region 3 to proceed with the devolution of US 6E to the Town of Gypsum and Town of Eagle.

Herman Stockinger, Secretary
Transportation Commission of Colorado

Date