

**Transportation Commission of Colorado
Regular Meeting Minutes
February 19, 2015**

Chairman Ed Peterson convened the meeting at 9:05a.m. in the auditorium of the headquarters building in Denver, Colorado.

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

EXCUSED: Doug Aden, District 7

ALSO PRESENT: Shailen Bhatt, Executive Director
Scot Cuthbertson, Deputy Executive Director
Debra Perkins-Smith, Director of Division of Transportation
Josh Laipply, Chief Engineer
Heidi Humphreys, Director of Admin & Human Resources
Barb Gold, Audit Director
Amy Ford, Communications Director
Scott McDaniel, Staff Services Director
Scott Richrath, CFO
Herman Stockinger, Government Relations Director
Mike Cheroutes, Director of HPTE
Kyle Lester, Director, Division of Highway Maintenance
Ryan Rice, Director of the Operations Division
Darrell Lingk, Transportation Safety Director
Tony DeVito, Region 1 Transportation Director
Karen Rowe, Region 2 Transportation Director
Dave Eller, Region 3 Transportation Director
Myron Hora, Region 4 Representative
Kerrie Neet, Region 5 Representative
Kathy Young, Chief Transportation Counsel
John Cater, FHWA

AND: Other staff members, organization representatives,
the public and the news media

An electronic recording of the meeting was made and filed with supporting documents in the Transportation Commission office.

Audience Participation

Commissioner Peterson stated that there was no one in the audience who wanted to address the Commission.

Addition of Item to the Agenda

Chairman Peterson stated that he would like to add an additional item to the agenda. That item will be the C-470 Resolution to be inserted between Item 13 and Item 14. He asked for consensus from the Commission and received that consensus.

Individual Commissioner Comments

Commissioner Barry thanked Westminster for hosting Bagels with Barry this month. She stated that it is always nice to have it in her own city. There was also a US 36 Road Trip, led by some of the CDOT. There were representatives from Boulder, Broomfield, Lafayette, and other colleagues from that corridor. It was great to see the progress that has been made. It is very exciting to see all of the growth and all the development along the corridor. She thanked the new Executive Director for joining them in Westminster last week.

Commissioner Gilliland welcomed the new Executive Director. She thanked him for coming to Weld County a few weeks before to introduce himself. She stated that it goes so far in getting everyone to recognize him and learning a little about him. She stated that she appreciated his efforts in stretching out and doing that early on. She stated that she hoped to see him out and about frequently. She also mentioned that she and Don Hunt met with twelve business leaders in Northern Colorado a few weeks ago and discussed the need for transportation funding and the issues surrounding that. They talked about the business community's participation in helping solutions long term for transportation. That meeting went really well. She stated that she also attended several meetings over the last month concerning P3s. One was with the Denver Metro Chamber of Commerce. Mike Cheroutes was there to speak. It is interesting hearing the perspective, the support for P3s and the need to use that as a tool. It is not appropriate for every issue or every project, but it is certainly nice to know that given some of the concerns over US 36 in the past that people are recognizing that it is something that needs to be looked at to get major funding in Colorado.

Commissioner Gifford welcomed the new Executive Director.

Commissioner Thiebaut recognized that over the last several weeks that there has been a lot of change in personnel. People are coming and going. For those that are going, he wanted to make sure that they knew that the Commission wishes them well in their new endeavors. For those that are coming, the Commission looks forward to working with each of them. He welcomed the new Executive Director. He stated that he was very impressed with the vision that the new Executive Director has for the state transportation system, a multimodal system. He encouraged all the employees to work with the new Executive Director and to buy into the program. In that regard,

everyone will move forward and make Colorado's transportation system the best in the county.

Commissioner Zink mentioned that they had a terrific turnout in Durango for the whirlwind tour of the new Executive Director. It was very nice to have a number of people there. There was a good showing, including representatives from both of the Native American tribes as well as several counties and cities. It was an important time.

Commissioner Reiff stated that in the past month he has had breakfast meetings with both Mayor Cathy Noon of Centennial and Mayor Steve Hogan of Aurora. Both have been historically and remain today strong supporters of transportation and the Commission. They have a lot going on in their areas, and CDOT is going a lot with them. Secondly, he stated that he would be remiss if he did not recognize Scott Richrath. The Commission wished him the best of luck and stated that they are very grateful to him and indebted to him for all he has done for CDOT over his years of service. Without Scott, Asset Management may still be fleeting, and the transparency that Scott brought to the budget and finance office has been rewarding for everyone. He wished Scott the best of luck in his future endeavors. He joined the other Commissioners in saying that they are very excited about the vision and direction of the new Executive Director and that they look forward to working with him.

Commissioner Connell stated that Commissioner Zink was voted to be Citizen of the Year in Durango, and a former member of the Commission Steve Parker was runner up. So there are high quality people who are and have been on the Transportation Commission. She congratulated Commissioner Zink on that prestigious award. She also welcomed the new director and stated anyone who would get on I-70 on President's Day weekend and Valentine's Day was well off for CDOT. She stated she was looking forward to working with him. In the last month, she met with Clear Creek County Commissioners in the area on some of the issues that they continue to have with all the work that is going on around Clear Creek. She stated that she is looking forward to going to Washington DC with the Chairman and the new Executive Director.

Chairman Peterson stated that he too wanted to welcome the new Executive Director on board. He stated that he had had the privilege to meet with him on several occasions. The new director is incredibly insightful, very directed and an excellent choice to lead this organization for the several years. They had a great dinner honoring the most recent past Executive Director Don Hunt. He will be moving on to continue his dedication to transportation in Colorado through several venues as well as back into the private sector. He wished Don and his family all best and stated it was a privilege and an honor to serve with him for four years. He thanked Scott Richrath for the service he provided to the Commission and to the state of Colorado as the Chief Financial Officer. The transparency and the work that Scott did was appreciated not only by the Commission but also by everyone who uses the transportation system. Financing is an integral part of that system, and Scott has been wonderfully open and very accessible.

Executive Director's Report

Executive Director Shailen Bhatt thanked everyone for their kind words and stated he looked forward to working with all of them as well. He stated that he landed on Wednesday afternoon and at 6:45am on Thursday morning began a tour around Colorado. They went to Westminster, Loveland, Greeley, Denver, Pueblo, Colorado Springs, Alamosa Springs, Durango. He stated that he drove over Red Mountain Pass. They went to Grand Junction, through several tunnels, Frisco, Idaho Springs to meet with some of the people who had concerns there. They then made their way back to Denver. It was 62° and warm. There was no snow, and it was 70 miles per hour all the way into Denver. He stated the one thing that he heard all around Colorado was and around the country is that transportation is an incredibly important part of their lives. It is incredibly important with economic development, quality of life, and livability. It plays such a huge role, and he thanked the Commission for doing a tough job, having to represent various parts of the state and bring all these issues together. The amount of work and effort that they put in is incredible. He stated that he looked forward to working with all of them. He also thanked John Cater from the Federal Highway Administration because he was along for the entire tour.

He is excited about leading this organization. Several people have asked him what his vision is, and it is a little early to be rolling out specific plans. But he wants to make this the best DOT in the country. In some ways CDOT already is, and that should be discussed more. In other places it needs to be driven forward. He is excited about delivering some of the incredibly large projects over the next few years and driving in the changes that Don Hunt began, as well as moving CDOT into the 21st century.

Chief Engineer's Report

Josh Laipply stated that the Colorado Construction Index came out in February 2015. Over last quarter, there has been a 10% increase in the number of bidders. Some of the labor market is beginning to come back and that is a really good thing. There was a discussion of asphalt prices at the last Commission meeting. Asphalt prices in the last quarter are up 10%. Even though fuel prices are down, asphalt prices are still holding up. Concrete and earthwork came down; earthwork was mostly because of fuel prices and labor.

He stated that he wanted to welcome Shailen Bhatt as well. They went on the tour of Colorado last week. He stated that he was only on the tour for one day, but the road trip was a great thing. Everywhere they went Shailen was well-received. There was great feedback on the RTDs, the Commissioners and all the constituents. It turned out to be a huge success.

One of the things that the new Executive Director mentioned is that one of his goals is to be the best DOT. Staff is behind that and looks forward to working with him. They support him on that mission 100%.

HPTE Director's Report

Mike Cheroutes stated that he had three items from the HPTE Board meeting the previous day that he wanted to report to the Commission. They are about 2/3 of the way through the legislative audit process that was directed by the Legislature last spring. They had in Executive Session a report from the audit team on their recommendations, specifically relating US 36. He stated that he is not able to speak publicly until that report is delivered, but the HPTE Board got a good briefing on where things stood with that activity.

The Board adopted a resolution yesterday in support of the role that the Commission will be considering for the Board in the I-70E project. They stand ready to move in whatever direction the Commission decides. He participated individually and as a director of that unit in a staff recommendation, which the Commission will hear about during this meeting. The Board is ready to move with the Commission's recommendation.

He stated that in contemplation of the opening of the Phase I segment of US 36 they have a toll adjustment process that will culminate in a public meeting on March 3, 2015, at 10am, during which the HPTE Board will consider the toll request that Plenary is making for that project when it opens around July 2016.

He also thanked Scott Richrath, stating that he was instrumental in providing a key concept for the sustainability of HPTE as an enterprise going forward. That is something they had been searching for. Scott had some great ideas. Mike thanked him for that and for all the loyal support he gave the Board. He wished Scott luck in all his new activities.

FHWA Division Administrator Report

John Cater thanked everyone for the opportunity to be on the state tour. He stated it was a great opportunity to meet people and have conversations with elected officials, public works directors and others across the state. He stated it was great to get that contact and to hear their concerns as well as some positive things about the highway program and transportation program is being delivered in Colorado. It is great for everyone to know that the CDOT staff, including RTDs and others, are doing a great job in delivering that program. They heard over and over again very positive things about how things are going. It is great to hear that and a challenge to keep that momentum going and to build on that, delivering the major projects that are coming up.

CDOT received the History Colorado Stephen H. Hart Award for Historic Preservation a few weeks ago. This is the biggest award they have. CDOT was nominated by the State Historic Preservation Office. They were nominated for a new process for "developing and applying a collective approach for mitigating adverse effects to historic properties." That means that CDOT came up with a way to mitigate for impacts and did it in a very collaborative way, and they were singled out for "meaningful mitigation for adverse historic effects." He stated that some examples of that are videos that were developed. One in Clear Creek County was called "Force of

Nature: Passage and Preservation from Georgetown to Silver Plume.” Another was called “Moving Mountains: Colorado’s First Interstate Tunnels.” Those are great examples of telling the story of transportation, both where we were and where we are, and the ability to give those to the public. Those are presented at the Georgetown Visitor’s Center so the public can see it. It personalizes it and helps people understand transportation. This is an area in which CDOT could have taken the simple path and not done something so extensive, but this a great example of something that brought it home to people and helped them touch and feel it a little more. They have done several things in the Metro Area like reports on Denver’s brick sewers, metropolitan Denver subdivisions, historic ditches and other things CDOT impacts all the time but doing it in a programmatic way. Now they have something that is there and has simplified the process for everyone. It has been noted by the historic people, and it is great for CDOT to be recognized that way. He congratulated all the winners of the award.

He stated that he had some good news. The day before CDOT received a \$56 million allocation of ER funds, which is the latest allocation of that. Colorado received a larger portion of the \$500 million than any other state in the country. That will allow the projects in Region 4 to keep going.

He stated that they are working through the process for the Stewardship and Oversight Agreement. That is a document between CDOT and the FHWA that lays out a framework for roles and responsibilities of how they oversee federal aid projects. That is done annually, and it is a process that ensures both agencies are on the same page as far as who is doing what and allows course corrections up front rather than allowing things to fester and have a major issue happen. They are held up as one of the examples across the country for their process. They have had a few more bumps this year, as there is more of a standardized process nationally. There is a more standardized framework. They are having to mold what they normally do here in order to fit that national framework. They are working through that, and it is a big deal for FHWA and a big deal for many of the people in the field as well. They are almost done with that, and he thanked everyone involved for the work they have done on that.

Finally, he expressed his regrets that Scott Richrath is leaving. He stated that they had had a great working relationship. He appreciated Scott’s efforts. He wished Scott the best in his future endeavors.

Act on Consent Agenda

Chairman Peterson entertained a motion to approve the Consent Agenda. Commissioner Gruen moved to approve the Consent Agenda, and Commissioner Connell seconded the motion. Upon vote of the Commission, the resolution passed unanimously.

Resolution #TC-15-2-1

BE IT HEREBY RESOLVED, that the Transportation Commission's Regular Meeting Minutes for January 22, 2015, are approved as published in the official agenda of the February 18 & 19, 2015, meeting.

Resolution #TC-15-2-2

Resolution #T-15-2-2

Award of FY 2016-17 FASTER Transit Funds

Approved by the Transportation Commission on February 19, 2015

WHEREAS, pursuant to 43-4-811 (2) the Department will receive, from the State share of the FASTER program, \$10 million for state fiscal year 2016 and for each succeeding state fiscal year, to be used by the Department, pursuant to 19.43-4-206, "for the planning, designing, engineering, acquisition, installation, construction, repair, reconstruction, maintenance, operation, or administration of transit related projects, including, but not limited to, designated bicycle or pedestrian lanes of highway and infrastructure needed to integrate different transportation modes within a multimodal transportation system, that enhance the safety of state highways for transit users," herein referred to as the FASTER Transit Statewide funds; and

WHEREAS, pursuant to 43-4-811 (c)(2) the Department will receive, from the Local share of the FASTER program, \$5 million dollars for state fiscal year 2016 and for each succeeding state fiscal year, to be used by the Department "to provide grants to local governments for local transit projects," herein referred to as the FASTER Transit Local funds; and

WHEREAS, unprogrammed funds from prior fiscal years are available and are being made available for redistribution in fiscal year 2016; and

WHEREAS, a portion of the FASTER Transit Statewide funds, not to exceed \$1.0 million, will be used for administrative expenses associated with the Division of Transit and Rail for FY 2016; and

WHEREAS, the Transportation Commission, in Resolution No. 1906, dated September 16, 2010, established written guidelines to be followed in offering, distributing and awarding the FASTER Transit funds, and those guidelines were later revised to make them more consistent with guidelines established for Federal capital improvement grant programs in order to establish a more uniform capital improvement program; and

WHEREAS, Division of Transit and Rail staff distributed these guidelines throughout the state and issued a consolidated call for capital projects for both FASTER Transit funds as well as Federal Transit Administration funds; and

WHEREAS, the Division of Transit and Rail received applications from local agencies requesting funds, evaluated and scored the applications based on the guidelines and has developed a list of projects recommended for funding for fiscal year 2016, attached hereto as Tables A through D; and

WHEREAS, the Division of Transit and Rail is recommending, for planning purposes, the preliminary award of funding for fiscal year 2017, pending later written confirmation that each such project remains eligible and ready for implementation, and a determination that each such project maintains an evaluation score adequate to warrant funding relative to all applications received, attached hereto as Tables E through H; and

WHEREAS, the Transportation Commission, by means of Resolution 3133, dated January, 16, 2014, resolved that \$3.0 million per year be allocated, beginning in FY 2015, from FASTER Transit Statewide program funds to be used for the operation, maintenance and capital needs associated with the interregional express bus program; and

WHEREAS, the Division of Transit and Rail, with Transportation Commission concurrence, has established, beginning in FY 2016, new funding categories within FASTER, along with a maximum allocation amount for each such category; and

WHEREAS, the new funding categories include up to \$1 million allocated for the operating expenses of regional bus services, and \$3.9 million allocated for urbanized areas over 200,000 population, under which \$3 million is suballocated to the Regional Transportation District, \$700 thousand to the City of Colorado Springs/Mountain Metropolitan Transit and \$200 thousand to the City of Fort Collins/Transfort; and

WHEREAS, Division of Transit and Rail staff have established certain conditions to be met by all local agencies receiving FASTER funds, as well as any specific conditions to be met by specified local agencies, in order to ensure prompt and appropriate project implementation within FASTER and standard grant guidelines, attached hereto as Table I;

WHEREAS, Division of Transit and Rail staff have developed a list of projects which were awarded no funding or less funding than requested, and provided a rationale for its determinations relative to those projects, attached hereto as Table J; and

NOW THEREFORE BE IT RESOLVED, the Commission directs staff to:
1) award \$6,076,965 in FASTER Statewide Transit funds for Fiscal Year 2016 and \$4,114,930 in FASTER Local Transit funds for Fiscal Year 2016 to the projects set forth in Tables A through D, dated February 6, 2015;
2) announce the tentative award of FASTER funds for fiscal year 2017 to the projects set forth in Tables E through H, dated February 6, 2015, with the provision that in order to be awarded funding in fiscal year 2017 each project must remain eligible and ready for implementation, and maintain an evaluation score adequate to warrant funding relative to all applications received;
3) provide to all local agencies that have been awarded funds for fiscal year 2016 the appropriate conditions that will be applied to their projects, as set forth in Table I, dated February 6, 2015.
4) provide to all applicants a listing of projects which were awarded no funding or less funding than requested, along with a rationale for the department's recommendations relative to those projects, as set forth in Table J, dated February 6, 2015.

Herman F. Stockinger II
Herman Stockinger, Secretary
Transportation Commission of Colorado

3-4-15
Date

Resolution #TC-15-2-3

Resolution #TC-15-2-3

Addition to Fiscal Year 2015 over \$50,000 project list approval

Approved by the Transportation Commission on: February 19, 2015

WHEREAS, under Senate Bill 98-148, public projects supervised by the Colorado Department of Transportation (CDOT) are exempt from the requirements of the "Construction Bidding for Public Projects Act;" and

WHEREAS, Section 24-92-109, Colorado Revised Statutes, as amended, requires CDOT to prepare cost estimates for projects to be undertaken by CDOT maintenance crews that exceed \$50 thousand, but are less than or equal to \$150 thousand for submission to the Transportation Commission for review and approval; and

WHEREAS, CDOT staff have prepared a cost estimate for this project to be done in Fiscal Year 2015 as detailed in the memorandum entitled; Addition to FY 15 over \$50,000.00 project list dated November 13, 2014; and

WHEREAS, the funding for this project is contained in the Fiscal Year 2015 Budget.

NOW THEREFORE BE IT RESOLVED, the Transportation Commission has reviewed the cost estimate, as contained in the official agenda, and approves CDOT Maintenance Forces undertaking the project therein.

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Region 2 - Pueblo				
Highway	Begin MP	End MP	Type	Estimate
US24	286.2	286.2	Place culvert pipe	\$80,122.60
		Total - Pueblo		\$ 80,122.60
		Statewide Total		\$ 80,122.60

Sufficient funds exist within the appropriate MPA's to pursue this project. The project is in accordance with the directive and all other requirements.

Herman J. Stockinger III
Herman Stockinger, Secretary
Transportation Commission of Colorado

3-4-15
Date

Discuss and Act on the 8th Supplement to the FY2015 Budget

Maria Sobota stated that Commissioners should refer to the updated copy of the Budget Supplement. It is a relatively short budget supplement. It includes two items

for request for funding from the Contingency reserve, two requests to shift funds from Personal Services to Operating Costs, and the walk on that was discussed yesterday.

The first two items are from the Commission Contingency Reserve. The first is a Region 5 request for \$402,000 to purchase right of way from the Iowa Pacific Holdings and San Luis and Rio Grande Railroad that is currently encroached by US 285. The second should be somewhat familiar. This is typically the time of year that staff requests additional funding for Snow and Ice from the Snow and Ice Contingency. This is based on a statistical analysis of how much of the year of snow and ice is expected vs how far the state is into the season. Currently, the request from maintenance organization is \$3.0 million with some change.

The next requests are the requests for cost center shifts. In PD 703 Commission asked staff to come back when there was a shift of funds requested from Personal Services to Operating Costs over \$1 million. This month both the TSM&O and the Division of Transit and Rail requested the budget office to make shifts. In the case of TSM&O, the funds will be used for the design and integration of Phase II of the Situational Awareness Software Building on the work completed in Phase I. This will be used to accelerate the development of critical additions and enhancements of what has already been delivered in Phase I, which was approximately \$3 million. This amount is on top of that. They have asked to move \$1 million of Personal Service to Operating to cover that. For the Division of Transit and Rail as they unfolded the business process for Bustang, they realized that there were some other items that needed to be addressed, like Information Technology needs, some administrative support, and some project management support. They are able to fund that due to the slight delay in the launch of Bustang. They have asked to move \$1.5 million from Personal Services to Operating.

Commissioner Reiff stated that he had a question about the DTR request. He asked if this is a new cost or if it was one that was included in the original budget. Maria stated that it is not an additional cost but that they are dollars that will be used for a different purpose. Commissioner Reiff asked if they would be losing something by not using them for the originally scheduled purpose that the Commission will be asked to make up at a later date. Maria stated that was not the case.

Maria stated that on the last page of items that the Commission will be asked to approve is the RAMP Public-Private Partnership. The Commission is being asked to move the C-470 Managed Toll Express Lanes from red on the RAMP list to green. The Commission will see that reflected in the report next month if they choose to approve it today.

She stated that she also wanted to draw attention to two informational items. There were two items that were brought to the budget office to be funded through the Transition Fund. The Commission approved \$10 million to be used for program funding in the event that due to a program change or a formula change the funding would no longer be available. These two items are the US 85/SH 86 Factory Shops to Allen Way request \$142,000 and a small request of \$1000 from Region 3 for the SH 82 pedestrian underpass. If you approve the use of the Transition Fund for these projects, there will still be \$6.6 million remaining in that fund.

Commissioner Gilliland stated that she had no problems with the Informational Items but was a little surprised that the Commission was asked to approve something for \$1000 because the amount is so small. Maria Sobota stated that they discussed whether or not it should be included, but they chose to err on the side of full disclosure because it is part of the Transition Fund, under which all items are to be brought to the Commission for review.

Commissioner Thiebaut stated that in reference to the walk on request, the budget supplement pre-supposes that the Commission will pass the resolution. He asked Maria if that was correct. Maria stated that was correct and that the order could be switched if they needed to be. Commissioner Thiebaut stated that was unnecessary but wanted to ensure that the two were tied together. Maria stated that they were. Chairman Peterson stated that if the Commission chooses not to pass the resolution that the Budget Supplement will be modified to reflect that.

Chairman Peterson entertained a motion to approve the 8th Budget Supplement for the FY2015 Budget. Commissioner Connell moved for approval of the resolution, and Commissioner Gilliland seconded the motion. Upon vote of the Commission, the resolution passed unanimously.

Resolution #TC-15-2-4

BE IT SO RESOLVED, That the Eighth Supplement to the Fiscal Year 2014-2015 Budget as amended be approved by the Commission.

Discuss and Act on the Resolution for the I-70E Project

Scott Richrath thanked everyone for their warm comments and stated that he would begin the presentation but ask Brett Johnson to contribute as well. He stated that on February 5, 2015, the Commission had a great meeting, received some great public comment and laid out next steps. He thanked Chairman Peterson for focusing the discussion on the two delivery methods that staff presented to the Commission. Today, staff comes to the Commission from a panel of six with a unanimous recommendation on that delivery method. Brett Johnson would walk the Commission through that, but Scott wanted to point out a few key items first. Assuming that the Commission chooses to move forward with either decision on delivery method, the plan is for a March 15, 2015, Industry Forum with the industry on the delivery of the I-70E project to DIA. Secondly, something that has been lost a little bit in the larger discussion: US 36 was largely about adding capacity, adding toll revenue and transferring toll revenue risk and other risk to the private sector. Looking at the revenue study for the I-70E project, the additional capacity will not provide toll revenue nearly as proportionally significant as it will on US 36. In fact, it will struggle to even cover the maintenance and operations costs of the new project. So toll revenue risk is not one of the risks. In discussing all of the other risks with a focus on delivery risk and focus on financing risk and project cost escalation risk, staff may not have given enough attention to that. Toll revenue risk is not one of the risks that the Commission has to make a decision on with these two delivery methods today.

Brett Johnson, Director of OMPD, mentioned that staff wants to yield to the Commission as much as possible in that decision. This decision is the product of a lot of discussion about analytics, public outreach and is only one of many decisions along the way of this project. Ultimately, staff came before the Commission in a public hearing audience two weeks before to discuss the Value-for-Money and where staff saw the differences. Staff concluded that the Design-Build Model was not affordable. Staff also concluded that the Design-Build-Operate-Maintain (DBOM) and the Design-Build-Operate-Finance-Maintain (DBFOM) models were affordable. The differences that they laid out are associated with risk. The staff recommendation is representative of the fact that they feel there are key risk transfers in the question that felt were important to look at on the DBFOM side. One is simply project schedule, keeping this on track. DBOM is less defined in the market, and they knew a little more what they would be getting from DBFOM. Looking at the risk transfers in general, the predictability of a future availability payment that they know with a much higher degree of certainty what the future costs are, they believed was important for this project. As Scott Richrath mentioned, they are not talking about toll risks, but they are talking about shifting risks of future operations and maintenance of a very large project, one that is more substantial than CDOT has taken on, to the private sector for the length and term of maintaining the asset, which was important in this case.

Chairman Peterson stated that on Page 4 of Tab 09 that in the bottom paragraph beginning with "WHEREAS," there is a misprint. It says "risk to the public sector" and should read "risk to the private sector." He asked everyone to make that change and opened the floor for questions or comments from the Commission.

Commissioner Reiff stated that this has been a very difficult decision. He has spent a lot of time with staff, including former Executive Director Don Hunt. It was also a difficult decision for him. The fact that they are not doing a toll risk transfer makes this a more complex decision between DBOM and DBFOM. If there was a toll risk transfer, it would actually become a clearer decision. He stated that he has been back and forth on the issue. The report that the Commission received initially had some gaps in it. He stated that CDOT staff over the last month to six weeks has done an excellent and substantial job analyzing those gaps, and bringing forward the fact that DBOM is closer to DBFOM than the original report showed. He stated it added a tremendous degree of transparency to the analysis and that is why it is such a difficult decision. Having said that, he stated that he ends up coming out where staff did. He knows that former Executive Director Hunt was in the same place before his departure, which is that the DBFOM model is the preferred model for a variety of reasons. First of all, he does not believe that Colorado could get today the types of completion guarantees that Texas got. He spent a lot of time talking to staff, and the fact that there was multinational contractor in Texas that was willing to give a full balance sheet guarantee in a DBOM scenario strikes him as so far out of market as to not be possible again. He stated that he was persuaded to that, even though he questioned it at some length. Secondly, he also questioned quite hard the competitive set that CDOT would get in this, whether DBOM would bring in as many potential bidders as DBFOM. Again, it became more and more clear that there would be a larger competitive set of bidders with the finance option in it. This means that CDOT should get a better price with DBFOM. They will know when they go out with an RFQ,

and they will know when the results come in. But more bidders in an international, large project should help the state have a better price and a better delivery method. Thirdly, they are taking toll risk transfer either way; so the question is what CDOT gets back at the end of the day. He asked how to ensure that the asset they have stays maintained and developed the best way possible. Once lenders, private sector lenders and equity are added into the mix, there are additional layers of strength and credit behind it. CDOT will have its contract either way, which will be a strong contract. There will also be lenders who have risk of money and equity sources who have risk of money; so there will be a lot of other players in the mix that will want to make sure the project is done and done right. In looking at it, he came to the conclusion along with staff that there is a larger transfer to the private sector of the risk of the operation and maintaining of this project and making sure that it stays at the level the Commission wants. In addition, when he looks at it from a statewide perspective, it is important that Commission protects the resources available to the rest of the state, even though this project is important to both the Denver Metro Area and the state as a whole. By shifting and fixing the cost to the private sector today, the Commission will have a much greater clarity about what is available to the rest of the state. There will be better clarity in the Bridge Enterprise funds, the possibility of additional SB 228 money, and how those funds can be best used. If the Commission does not fix those costs today as tightly, they run the risk of pushing down Commissioners who follow in the years to come, basically having to take from the rest of the state to fund this project. That is a risk he is not willing to take. He believes that the statewide system is too important. He stated that there is a premium being built in because it is necessary to pay equity to do DBFOM. However, this is not too expensive because he wants to have the finality of understanding what the Commission is buying so they are able to plan for the rest of the state. He then comes to the same conclusion that staff did, albeit a close decision and not an obvious one, the DBFOM option is the better decision for Colorado at this point in its history and where it is with resources at the state level.

Commissioner Gruen thanked Commissioner Reiff for the comprehensive overview of his position. Commissioner Gruen stated that he too planned to support the staff recommendation of the DBFOM model of the project delivery method. Although his analysis is not as comprehensive or detailed, but it comes down to the last thing Commission Reiff mentioned. Commissioners Reiff and Gruen had a conversation after the last public meeting, and Commissioner Reiff recharacterized the DBFOM as an insurance policy. CDOT will be paying a premium for the DBFOM delivery method, but there is insurance of that certainty. For Commission Gruen, that increment of extra dollars are well worth investing because of that certainty. He will be supporting the DBFOM staff recommendation as the delivery method.

Commissioner Thiebaut stated that project is a statewide project and is very critical but that he is unable to support the staff recommendation. Although what has been laid out makes financial sense, he thinks about the history of Colorado. When Colorado was a territory, the three great issues that were debated were education, prisons and transportation. Those are three great issues that are still debated in this state. There is a part of him that perhaps lingers on the notion that the citizens of Colorado need to step up to the plate and help with what is a contemporary transportation crisis. What Commissioner Reiff and Gruen's statements are

persuasive, but when the Commission says it is transferring the risk, that may be nothing except illusory. There should be some way for the state government and for the citizens to keep an iron in the fire and to somehow be held on the hook. That sounds counterintuitive when talking about trying to protect the citizens from risk, but it seems like this public policy that the Commission is creating of lowering the state risk may actually be reversed in the future by a public highway or project being transferred to a private enterprise. Then the Commission will have to come in and somehow recoup the milestone payments and then also pay in addition to whatever the private sector is not delivering at the time. It may be philosophical, but he stated that the government and the citizens still have a role to play. When the Commission discusses transferring the risk, even buying an insurance policy or trying to make it so that there is not a risk, he does not think that is necessarily reality. He wanted to support the staff recommendation, but he would be more inclined to support the DBOM approach and see if there can be negotiations for the risk factor. While he hated to say those things, that is where he was at. He has struggled with the decision, and he appreciated staff's efforts to discuss it with him. But he will not be supporting the staff's recommendation.

Commissioner Connell stated that she appreciated everyone's comments and that this is a matter of there not being any perfect scenario in this situation. When she looks at the options, she looks at the advantages and the disadvantages. While she agrees with Commissioner Thiebaut about the need to engage the public, the Commission is facing a very serious, long-standing problem there. For the Commission to wait for the public to come around is really not doing the jobs assigned to the Commission. Besides protecting the rest of the state, one thing that is critical in this role is to determine how to get the most for the state's money. She stated that she was convinced by staff sharing that by going with a DBFOM there is a broader base for bidders and a better way of getting the cost down. To her, considering the limited funds, is very convincing on this matter. Again, they will get some push back because they are dealing with international companies, but that is a chance for education to ask people to get involved financially. She stated that she will be supporting the staff recommendation because she believes there are far more positives to DBFOM than there are to the other options.

Commissioner Gilliland stated that she agreed with a lot that has been said by everybody. She agrees that it would be wonderful to say that the state of Colorado and the citizens are giving the Department the money that is truly needed for transportation funding so that the state could make the decisions about how to spend and prioritize those funds. She stated that they have made attempts to do that, and other organizations have made attempts to do that. All have been unsuccessful. Her concern is that they are in the situation they are in right now and need to use all the tools that they can to make sure that they are moving forward on some of these projects. With the I-70 Viaduct, again, it has been pushed down the road to the extent that it could be. It is a point where the Commission absolutely needs to move this project forward and make something happen. She believes that the DBFOM is the way to go at this point in time with the information that is available because of the reasons that everyone has expressed. For her it is the risk transfer that the Commission gets, the long term potential of sharing with the partners. This is the best way they can utilize the funds that they do have. There is a

premium that goes along with that, but the risk long term seems to be what has made that decision the viable one. She stated that she will be supporting the staff recommendation. One of the questions that she had from someone this morning was if she was afraid that they were setting a precedent with this and that all future projects would be using this delivery method. She assured that person that each project that came before the Commission is assessed for the right delivery process and that there are many different ones going on at this point in time. That is still very viable, and each project will be looked at individually. But for this project at this time, given the situation that the Department is in, DBFOM is the best way to go. She will be supporting that.

Commissioner Gifford stated that some of the Commissioners had alluded to the fact that they have spoken globally about risk transfer but that looking at PPPs, they are looking at two different segments. A lot of the negative publicity, including a lot of the information from the series from the *Pittsburgh Post-Gazette* that was forwarded to the Commission this week, on some PPPs has focused on the short-sighted transfer of public assets to the private sector at a bargain price. One of the worst and most egregious examples of that was of course the Chicago parking meters where the public turned around and wondered what had happened. They had taken money to plug a gap and then were paying high prices for parking and were losing out. That would be the type of situation that would require the Commission to evaluate it much more closely if they were looking at a project that was being substantially supported by tolls and if they were looking at toll risk over time with a revenue delta that can be projected but never truly known. Again, this would be if they were looking at selling off a public asset at a bargain price. She stated that she wanted to emphasize that the risk that is being transferred here is not the revenue risk as much as the contingency and cost overrun exposure that in order to plan for the rest of the state, the Commission must be very mindful of. Commissioner Reiff expressed it eloquently, and she wanted to add her emphasis to that crucial point. That is the reason she will be supporting the project delivery method of DBFOM.

Commissioner Barry stated that she also supports the DBFOM method. She stated that it is a real balance that the Commission has to strike right now. None of the options are perfect scenarios. Nothing the Commission has seen in this process has been a perfect scenario. Despite that, it is very important that the Commission makes a decision. Given all of elements that have been presented to the Commission, this is the best decision in her opinion. She stated that one of the Commissioners mentioned the importance of continued work with regional partners. They know that they have a lot more work to do in this process, but that is also a big concern to her sitting as a Commissioner. That is a very high dollar amount that is sitting there that has not yet been rectified. She challenged that they can work together and get there. With respect to the citizens of the state, the corridor and the region, they are continuing to work with them and have worked them. They are not leaving that element or component behind. They will continue to engage and will continue to work. The Commission must look at the state economy when they make these decisions. It is very important that the I-70 is a statewide road. Even though they are discussing a 12-mile stretch, it is a statewide piece of infrastructure that keeps Colorado's economy moving, to a degree. She stated that with all of those elements in play, she personally believes that the Commission must support this method. The

positives are that there is a risk assurance as a part of this model. There is increased competition when CDOT gets to RFP and RFQ phases of the project. They will have the assurance to make statewide, programmatic decisions moving forward while they are working on that project. With that, she stated she is in favor. She commended everyone. This is a very difficult decision, and the staff has worked on this. As a Commission, they have grappled and are still grappling. And there are still a lot more decisions to make for this project. This is only the first, very difficult one. They are all open to continue the dialogue as they move forward.

Commissioner Zink stated that she sees this primarily as a mechanism to make this project happen as soon as possible. The Commission knows what has to happen. Knowing that there are never 100% guarantees in anything in life, it is also necessary to recognize that they have the ultimate responsibility. If somehow, the whole thing falls apart in the distant future, obviously it comes back to the Commission. The handling of the contract provisions is going to be absolutely critical. There needs to be nothing left unconsidered in that process. She stated that she is sure that will be the case. This is a mechanism to make a need project happen sooner, and she will be in favor of the DBFOM method.

Commissioner Hofmeister stated that it is a needed project that needs to go forward. He has struggled with both financing packages, and he is still unable to come up with a clearer route to go. He stated that he will support DBFOM in the vote. He stated that he still has concerns about how large this project is and how much money the Bridge Enterprise is dedicating to the project and what it is going to do to the rest of the state roads. He stated that he would like to see the communities and counties around the project step up and help out. Denver tipped their hand this week with \$850 million to rebuild the Stock Show Complex. That communicates what the rebuilding of I-70 means to the City and County of Denver. He believes that they need to step up a little bit more and help on this project for the end financing.

Commissioner Reiff stated that he wanted to echo something that Commissioner Hofmeister said. There is a gap here. The approval of the method of financing does not mean the project necessarily succeeds. There is a gap that needs to be filled, but they need to be very cautious how they fill it. It is not the Commission's intent to take it from the rest of the state to fill the gap. They urge the partners that the Department has to consider that as they move forward.

Chairman Peterson stated that the decision before the Commission today is to decide between DBOM and DBFOM. He stated that honestly he walked into the Commission room this morning split 50/50. He has struggled over this particular issue probably more than any issue that he has struggled over in his tenure as a member of the Transportation Commission. That is why it is very important that the Commission has opportunity for public input. There was a meeting earlier in February. They wanted to have that meeting in order to have an opportunity to hear from the public. This has been a very public process, and it has been a ten year process. This is not by any means the final decision point on this project. This is merely a decision point on the possible delivery method and financing options. The report that the Commission received from the consultant was in depth and very confusing, so he wanted to thank staff in particular for helping him and the rest of the Commission

work through those issues. He thanked Commissioner Reiff with his background for being a tremendous resource to the entire Commission in helping everyone understand the issues. As a result of the discussions today and the discussions earlier in the month and the continuing discussions that will be held on this project, he stated that he will be supporting staff recommendation for this project today. He asked for a roll call vote to ensure that everyone had an opportunity to voice their opinion directly.

Chairman Peterson entertained a motion to approve the resolution to accept the staff recommendation for the I-70E project delivery method. Commissioner Reiff moved to approve the resolution with two amendments, changing “public” to “private” as previously described by the Chair and selecting the “Design-Build-Finance-Operate-Maintain” delivery method. Commissioner Gifford seconded the motion. Chairman Peterson requested a roll call vote.

Commissioner Gifford: AYE
 Commissioner Reiff: AYE
 Commissioner Barry: AYE
 Commissioner Gilliland: AYE
 Commissioner Aden: EXCUSED
 Commissioner Zink: AYE
 Commissioner Gruen: AYE
 Commissioner Thiebut: NO
 Commissioner Hofmeister: AYE
 Vice Chair Connell: AYE
 Chairman Peterson: AYE

Chairman Peterson stated that the motion passed with one Commissioner voting No.

Scott Richrath stated that he earlier announced the wrong date for the Industry Forum. He earlier stated that it was March 15th, but the correct dates are March 11th and 12th, 2015. Mike Cheroutes corrected that, and there may be a few people in the room interested in that date; so he wanted to provide the correct information.

Resolution #TC-15-2-5

Resolution #TC-15-2-5

I-70 East Corridor Project Scope, Delivery Method, and Financing Mechanism

Approved by the Transportation Commission on February 19, 2015

WHEREAS, in 2003, the Colorado Department of Transportation (CDOT) began the I-70 East Corridor Environmental Impact Statement (I-70 East Corridor EIS) to study the future of I-70 East from I-25 to Tower Road and to meet the requirements of the National Environmental Policy Act (NEPA); and

WHEREAS, the purpose of the I-70 East Corridor EIS is to implement a transportation solution that improves safety, access, mobility and addresses congestion along this 12-mile segment of I-70 East which is one of Colorado's most heavily traveled, congested highway corridors and an essential component of the state's only east-west interstate; and

WHEREAS, during the lengthy I-70 East Corridor EIS process, both Federal Highway Administration (FHWA) and CDOT have studied and considered dozens of alternatives to solve the I-70 East Corridor problems including, but not limited to, a no-action alternative, a realignment alternative, and a revised viaduct alternative; and

WHEREAS, a Supplemental Draft I-70 East Corridor EIS was released on August 29, 2014 in which FHWA and CDOT preliminarily identified the Partial Cover Lowered Alternative with Managed Lanes Option as the Preferred Alternative for the I-70 East Corridor Project; and

WHEREAS, following the public release of a Final EIS, a Record of Decision (ROD) will be signed; and

WHEREAS, in order to complete the ROD, CDOT must have a feasible financing plan for a specific phase of the approved project and in order to develop this financing plan CDOT must engage the construction industry to assess project construction costs and consistency with available funding; and

WHEREAS, the passage of FASTER legislation in 2009 established the Colorado Bridge Enterprise (CBE) in order to accelerate the repair and reconstruction of deficient bridges further defined as structures that are "poor"; and

WHEREAS, using the criteria outlined in the FASTER legislation, 128 bridges were originally determined to be eligible for the CBE program and the elevated portion of I-70 East corridor on a bridge, known as the Viaduct, was included on that list; and

WHEREAS, the Transportation Commission is responsible, pursuant to C.R.S. 43-1-106(8), for formulating the general policy of the Colorado Department of Transportation (CDOT) and to promulgate and adopt CDOT budgets; and

WHEREAS, pursuant to Resolution #3179 approved on July 21, 2014, the Transportation Commission has directed the High Performance Transportation

Enterprise (HTPE) to pursue Public-Private Partnership (P3) opportunities in the procurement of the I-70 East Corridor Project; and

WHEREAS, the Transportation Commission further directed staff to develop a comprehensive program addressing disadvantaged and small business utilization and workforce training in administering the procurement for the I-70 East Corridor Project; and

WHEREAS, CDOT, HPTE and CBE staff and consultants have identified a total cost to deliver the first phase of the preliminarily identified Preferred Alternative for the I-70 East Corridor Project to be \$1.17 billion. Of this amount, it is anticipated that CBE will be eligible to contribute up to \$850 million; and

WHEREAS, three delivery models for the I-70 East Corridor Project have been analyzed: Design Build (DB), Design Build Operate Maintain (DBOM) and Design Build Finance Operate Maintain (DBFOM); and

WHEREAS, CDOT Senior Management and Department staff have recommended and presented to the Transportation Commission a Project governance structure in which the CBE will be the Managing Partner for the I-70 East Corridor Project and will enter into contract with private partners under a concession agreement along with HPTE (see Figure 1: I-70 East Corridor Project Governance Structure); and

WHEREAS, CDOT has engaged with the public in an extensive outreach effort, including soliciting public input on financing and delivery options and the findings of the Value for Money analysis; and

WHEREAS, CDOT Senior Management have recommended the DBFOM method of delivery because of its ability to transfer more risk to the private sector and to offer a more predictable long term cost schedule through the structure of availability payments, minimizing future contingency and cost overrun exposure to CDOT; and

WHEREAS, CDOT Senior Management and Department staff have also recommended that because of its significant contribution to this Project, the CBE and the CBE Board of Directors should have the final approval of the Project's financing mechanism.

NOW, THEREFORE, BE IT RESOLVED, the Transportation Commission approves the staff-recommended governance structure (as illustrated below in Figure 1: I-70 East Corridor Project Governance Structure) between CDOT, CBE and HPTE that was presented to the Commission in January 2015 in which CBE will be the managing partner for the I-70 East Corridor Project and CBE and HPTE will enter into an anticipated concession agreement with a private partner.

BE IT FURTHER RESOLVED, as part of the governance structure and necessary for the I-70 East Project, CDOT, CBE and HPTE will develop an Intra-Agency Agreement between the three entities that will further define responsibilities and commitments for the Project;

BE IT FURTHER RESOLVED, the Transportation Commission instructs staff to pursue delivery of the first phase of the I-70 East Corridor Project as identified by the Record of Decision.

BE IT FURTHER RESOLVED, subject to the approval of the Board of the CBE, the Transportation Commission directs staff to move forward with a Request for Qualifications for the I-70 East Corridor Project utilizing the optimal financing structure available to the Department within a Design Build Finance Operate Maintain procurement and delivery process.

Herman F. Stockinger III
Herman Stockinger, Secretary
Transportation Commission of Colorado

Date 3-4-15

Discuss and Act on the Resolution to Approve the Central City SIB Loan

Maria Sobota stated that the Commission is being asked to approve a \$1.5 million State Infrastructure Bank Loan for Central City. The \$1.5 million will be used to augment local funds for storm drainage, parkway repairs, retaining wall repairs and rockfall mitigation. The SIB committee has reviewed all the details as far as the financials. The loan will be in parity with other current obligations the city has outstanding and will be repaid with an annual appropriation pledge by the city in its budget. The SIB committee and staff agreed unanimously to approve this loan application primarily based on the fact that Central City has agreed to incorporate the terms that are in the memo within the loan agreement.

Chairman Peterson entertained a motion to approve the SIB loan application. Commissioner Gilliland moved to approve the resolution, and Commissioner Connell seconded the motion. Upon vote of the Commission, the resolution passed unanimously.

Resolution #TC-15-2-6**Resolution #TC-15-2-6**

Approval of the Central City SIB Loan

Approved by the Transportation Commission on February 19, 2015

WHEREAS, the Colorado State Infrastructure Bank (bank) is a transportation investment bank with the ability to make loans to public and private entities for the formation of public transportation projects within the state; and

WHEREAS, the General Assembly passed Legislation (43-1-113.5 CRS) that made certain provisions for the bank and established within the bank, a highway account, a transit account, an aviation account and a rail account; and

WHEREAS, a loan application has been submitted by the City of Central (borrower), to borrow \$1,521,639 to correct drainage issues and mitigate rockslide incidents; and

WHEREAS, the Transportation Commission has adopted rules, pursuant to 43-1-113.5 CRS, in 2 CCR 605-1 regarding the eligibility requirements, disbursement of funds, interest rates, and repayments of loans from the bank; and

WHEREAS, pursuant to 2 CCR 605-1, Rule VI, Section 4 the Review Committee has reviewed and is in support of the application; and

WHEREAS, 2 CCR 605-1, Rule VI, Section 6 (2) provides "loan agreements for construction will specify that funds will be disbursed in their entirety to a third party fiduciary or escrow agent" unless the Transportation Commission provides a specific exemption; and

WHEREAS, the borrower has expressed its intent to attain Colotnist (the agent) as the third party fiduciary, escrow, or administrative agent to confirm proper documentation from the borrower for loan draws and pay a 0.75% origination fee, with the Department's Division of Highways, directly disbursing funds to the borrower upon receipt of the agent's confirmation; and

WHEREAS, the Division of Project Support has reviewed and acknowledged the highway projects significance to transportation goals for which the Borrower requests to borrow funds; and

WHEREAS, a sufficient amount is available to loan in the highway account; and

WHEREAS, the term of the loan is ten (10) years with a 2.50% interest rate, set by the Transportation Commission semi-annually, the Borrower must maintain a minimum Current Asset Balance equal to the balance of the remaining Highway SIB loan; and, allow CDOT to have consent rights to any new parity obligations before issued by the City; and, provide CDOT the ability to retain any gaming revenues to be rebated back to the City in the event of non-appropriation: and, enable CDOT to retain the right to secure any gaming or device fee revenues if non-appropriation should occur and HUTF (\$45,600 annual average over the past five years) funds do not cover principal and interest payments; and

NOW THEREFORE BE IT RESOLVED, the Transportation Commission authorizes the Department, under the guidance and direction of the Chief Financial Officer, to execute a loan agreement with the borrower in an amount of \$1,521,639 under the terms and provisions set forth in the adopted rules.

Herman J. Stockinger #
 Herman Stockinger, Secretary
 Transportation Commission of Colorado

3-4-15
 Date

Discuss and Act on the Approval of PD14

Deb Perkins-Smith stated that this item is brought forward to the Commission based on the recommendation of the Statewide Plan Committee that asked for it to be brought before the full committee for action. They are asking for two actions. The first to repeal PD 13 that is called “Colorado Department of Transportation Statewide Transportation Operating Principles.” Those principles were actually incorporated into the Statewide Plan or PD 14. The second action is to approve PD 14 “Policy Guiding Statewide Plan Development.” She reminded the Commission that they have spent over a year working on PD 14. They have been to many of the committees, including Statewide Plan, Transit and Intermodal, and Asset Management, in order to work through many of the pieces that are here in PD 14. In its draft form, it has been used as guidance in the development of the Statewide Plan. With its adoption, it will formalize the Department’s investment strategy for the Commission in terms of all the performance measures and targets that are included based on what they are seeing coming out of MAP-21 in terms of focusing on performance measures. She respectfully asked the Commission approved the attached resolution and requested any questions.

Chairman Peterson entertained a motion to approve the Resolution to Approve PD 14. Commissioner Gilliland moved for approval of the resolution, and Commissioner Gifford seconded the motion. Upon vote of the Commission, the resolution passed unanimously.

Resolution #TC-15-2-7

Resolution #TC-15-2-7

Adoption of updated Policy Directive 14.0 "Policy Guiding Statewide Plan Development" and Repeal of Policy Directive 13.0 "Colorado Department of Transportation Statewide Transportation Operating Principles"

Approved by the Transportation Commission on February 19, 2015

WHEREAS, the Colorado Transportation Commission ("the Commission") has statutory authority pursuant to § 43-1-106(8)(a) C.R.S., to formulate policy concerning transportation systems in compliance with 23 U.S.C. 134, 135, and 450, PL 112-141 ("Moving Ahead for Progress in the 21st Century" or "MAP-21") and its implementing regulations; and to undertake transportation planning under § 43-1-1103, C.R.S.; and

WHEREAS, a statewide plan is considered part of the state and federally required statewide transportation planning process; and

WHEREAS, Policy Directive 14.0 is the framework for development and implementation of a multimodal, comprehensive Statewide Transportation Plan and for distribution of resources to meet or make progress toward objectives; and

WHEREAS, Policy Directive 14.0 has been updated in concert with development of a Risk-Based Management Plan that MAP-21 requires, and in recognition that management of transportation assets is a high priority;

WHEREAS, the Commission has reviewed and discussed the goals, performance measures and objectives, and aspirational objectives contained within the updated Policy Directive 14.0

WHEREAS, the goals in Policy Directive 14.0 and in the Statewide Transportation Plan are in alignment with MAP-21 goals; and

WHEREAS, the goals of safety, infrastructure condition, system performance, and maintenance guide development of the multimodal Statewide Transportation Plan; and

WHEREAS, the performance measures and objectives describe how progress toward the MAP-21 national goals will be reported after plan adoption; and

WHEREAS, it is the intent that progress will be made in attaining these objectives as part of Statewide Transportation Plan Implementation; and

WHEREAS, Policy Directive 13.0 "Colorado Department of Transportation Statewide Transportation Operating Principles" is no longer necessary because it has been incorporated into Policy Directive 14.0 goal areas and in other plans and processes of CDOT; and

NOW THEREFORE LET IT BE RESOLVED, that the Transportation Commission adopts the updated Policy Directive 14.0 "Policy Guiding Statewide Plan Development."

FURTHER, BE IT RESOLVED, that the Transportation Commission repeals Policy Directive 13.0 "Colorado Department of Transportation Statewide Transportation Operating Principles."

Herman J. Stockinger III
Herman Stockinger, Secretary
Transportation Commission

3-4-15
Date

Discuss and Act on the Approval of FY2015 Safe Routes to School Projects

Deb Perkins-Smith stated that Safe Routes to School was a specific program under SAFETY-LU. In MAP-21 it was not included as a specific program. It was an allowable program under the Transportation Alternatives Program that was in MAP-21. Colorado's State Transportation Advisory Committee did not recommend doing a special carve out for the specific Safe Routes to School program. Subsequent to that, in the Colorado Legislature last year there was a recommendation for an approval of \$700,000 to be spent on education for the Safe Routes to School program. That was state funds from the General Fund. With that, they continued the program for another year. With that, she asked Leslie Feuerborn, who is the program director for Safe Routes to School.

Leslie Feuerborn thanked the Commission for the opportunity to make a presentation about the program. She stated that Deb explained the current background about how the projects are being funded through state funds. They received 18 applications from all five regions for the projects this year. All these projects are non-infrastructure, which they call "Education and Encouragement Grants." They are focused on children in Kindergarten through 8th grade to look at ways to encourage and engage them to walk and bike to school more frequently. They are also to get parents to understand the value of having their children walk and bike to school. All of the projects are reviewed and scored through a Safe Routes to School Advisory Committee that is made up of representatives all across the state. The individuals who are currently serving on the Advisory Committee are listed in the packet. As Deb mentioned, for the FY2015 program, the Colorado Legislature approved \$700,000 to go toward these projects. They reviewed and scored the projects and came up with a recommended list that would match the \$700,000 that is available. That is the list that is before the Commission today for approval. She stated that in the past they have done projects that are infrastructure projects, but due to the limited dollar amount that was approved, the legislation disallowed any infrastructure projects to be approved in that. They are requesting the Commission approve the recommended 13 projects for the \$700,000.

Chairman Peterson entertained a motion to approve resolution for Safe Routes to School. Commissioner Gilliland moved to approve the resolution, and Commissioner Connell seconded that motion. Upon a vote of the Commission, the resolution passed unanimously.

Resolution #TC-15-2-8

Resolution #TC-15-2-8

Approval of the FY2015 Safe Routes to School Project List

Approved by the Transportation Commission on February 19, 2015

WHEREAS, in 2004, C.R.S. 43-1-1604 required the Transportation Commission of Colorado to establish and the Colorado Department of Transportation (CDOT) to administer a Safe Routes to School (SRTS) program to distribute federal funds to eligible projects that enable and encourage children K-8 to bicycle and walk to school; and

WHEREAS, in 2014, Colorado State Legislators passed HB14-1301 allocating \$700,000 in state general funds to SRTS for FY15; and

WHEREAS, Colorado SRTS rules changed in 2014 to allow for distribution of state funds; and

WHEREAS, CDOT supports walking and biking as modes of transportation in Colorado; and

WHEREAS, Colorado is a national leader in SRTS, funding programs that have reached more than 936 schools statewide since 2005. This is more than 100 schools per year on average and more than 375,000 total Colorado students to date (in addition to parents, teachers, drivers, and community members who are also impacted by SRTS programs); and

WHEREAS, the SRTS program has replaced vehicle trips and increased the number of children walking and biking to school by as much as 31% in some schools; and

WHEREAS, approximately 95% of schools receiving SRTS funding had significantly increased rates of children walking and biking to school; and

WHEREAS, CDOT has awarded more than \$17.4 million in FHWA funds from 2005 through 2014 for SRTS program grants; and

WHEREAS, Colorado SRTS Advisory Committee was appointed by the CDOT Executive Director as per state statute to represent educators, parents, law enforcement, pedestrians, bicyclists, and transportation advisors to review all applications and to recommend projects for funding; and

WHEREAS, the SRTS Advisory Committee selected projects in January 2015 to recommend to the Commission for approval:

NOW THEREFORE BE IT RESOLVED, the Commission approves the 13 highlighted projects recommended on the Fiscal Year 2015 Safe Routes to School Project List, dated February 19, 2015

BE IT FURTHER RESOLVED, the Commission directs staff to take appropriate steps to amend the STIP, if required, and supplement the budget to be able to proceed with contract development.

Herman J. Stockinger III
Herman Stockinger, Secretary
Transportation Commission of Colorado

3-4-15
Date

Discuss and Act on the Approval of the C-470 Resolution

Chairman Peterson stated that at this point in the agenda, they would insert a resolution. This is the new item on the agenda that he mentioned at the opening of the meeting. This concerns the C-470 Phase I corridor project. There will not be a formal presentation due to the previous day’s workshop. He entertained a motion to approve the resolution. Commissioner Reiff moved to approve the C-470 Resolution, and Commissioner Connell seconded the motion. Upon vote of the Commission, the resolution passed unanimously.

Resolution #TC-15-2-9

Resolution #TC-15-2-9

C-470 Phase 1 Corridor Project, Gross Pledge of Toll Proceeds for Debt Service

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, operating concession agreements, user fee-based project financing, and design-build contracting; and

WHEREAS CDOT, in conjunction with HPTE, has investigated various delivery methods that can be utilized in delivering an important surface transportation project; and

WHEREAS the delivery method recommended for the C-470 Project is a design/build public funding approach; and

WHEREAS based on initial Level 3 Traffic and Revenue analysis considered by CDOT and the HPTE, the utilization of a Gross Pledge of Toll Proceeds for debt service gives CDOT the best value for its money in delivering the C-470 Project in a timely and efficient manner;

NOW THEREFORE BE IT RESOLVED, the Transportation Commission hereby supports the procurement of the C-470 Project under a Gross Pledge of Toll Proceeds for debt service; and

BE IT FURTHER RESOLVED, the Transportation Commission instructs staff to provide updates including relevant changes to financial analysis through the Transportation Infrastructure Finance and Innovation Act (TIFIA) and procurement processes.

Herman J. Stockinger III
Herman Stockinger, Secretary
Transportation Commission of Colorado

3-4-15
Date

Acknowledgements

Executive Director Bhatt stated that Josh Laipply would be presenting the award. During the Colorado Road Tour, he was able to meet the RTDs and see their areas as they rode around with him.

Josh Laipply stated that he wanted to walk through some of the great accomplishments that all the regions have done over the last year, going in numerical order. Region 1 made investments on the I-70 Corridor with the Twin Tunnels and the Peak Period Shoulder Lanes that were huge undertakings. All the teams stepped up and delivered on. On I-70 and 32nd Avenue when the emergency holes in a bridge begin opening up, they repaired 50% of the bridge deck in six days. That is a huge accomplishment, as well as their work in Winter Operations. Region 2 opened a diverging diamond interchange at I-25 and Fillmore Street. There were the fires at US 24 in Waldo Canyon. There were multiple incidents with sediment transport and debris flows closing down the highway. There were great reaction times, and people really came together on that. There is also the Ilex and Cimarron projects that have come to fruition in the last few months. Region 3 opened their diverging diamond interchange. On State Highway 9 for \$50 million there was private partnering to fix a very dangerous road. There are many wildlife crossings, and now they are working on a lot of wildlife crossing improvements on that road. The I-70 Eagle interchange was a great CMGC project that showed a lot of success, including the I-70 Winter Operations on that. In Region 4, Johnny Olson has been at the podium many times accepting awards on behalf of his region for all the efforts with the flood recovery and all the great things they have done to partner with the locals there. He truly has their respect. The region has moved forward on I-25 managed lanes projects and put RAMP funds into place to make that a better project for the community. On the Commission road trip in July 2014, everyone got to see the State Highway 14 project up in Sterling. In Region 5, the Wolf Creek Tunnel lighting upgrades were a big undertaking. The first continuous flow interchange was opened. John Cater was there for the opening of that and previously spoke to the Commission about what a great improvement that was. That is on the forefront of design. Their emergency response on US 550 and the rock slide was incredible. There was a 15 foot slab of rock the size of a football field that fell on the road. This also was a huge undertaking. All the regions have really come together. Everyone has that same purpose of making transportation better, and that makes it hard to select because everyone does such a great job.

This year the criteria were placed very much in line with the 5+1: Improving Business Processes, Innovation in Management, System Performance, Partnering, Transparency, and Developing Staff. That seemed to be a good recurring theme, and they tried to add some quantitative detail to the process. In the particular region that won, 40% of their staff went through employee safety engagements. Safety is a big focus in the 5+1. They talk a lot about program management and tracking to do better cash management. To do that, it is necessary to input milestones in the SAP system, while the CFO may be enthusiastic about SAP there may be a lack of understanding about the potential of SAP on the project management side. To manage the projects, it is necessary to get the milestones entered. In this particular

region, 91% of the projects have their milestones entered in SAP, which makes it much easier to track progress and track cash management and to do what needs to be done to deliver. For system performance, they saw an increase in their drivability life due to investments. They have maintained their bridge structurally deficient around level, which is on par with the rest of the state. It is tough to stay on top of that one. For Partnering and Transparency, there were significant local contributions to projects. They were partnering with communities to ensure they had better transportation projects and get some other money into the projects. For Developing Staff, CDOT recently rolled out succession planning. There are key individuals that require succession planning. It is not 100% of the employees, but 4% of this region's staff already have succession plans. That is a huge undertaking and a big step in the right direction. In addition, 97% of their managers were trained in leadership training. All that said, he awarded the Director's Cup to Dave Eller in Region 3.

Dave Eller that this award is really about the people. He is honored to receive the award as the RTD of Region 3, but he is blessed to have the best people in his region. They are dedicated. They are asked to step up, to deliver and to do more, and they continue to impress him. This is for those folks who are dedicated to doing the right thing and dedicated to CDOT and public employees. He is thrilled for them and a little surprised. But he had looked at the criteria and started looking at it himself, he was very wowed that Region 3 has delivered. They have stepped up; they have spent the money and tried to meet the initiatives. He was surprised to win but not surprised because he saw the data and that the performance metrics were there. He stated that over the last year, there have been a lot of things that they have worked together to get done. There have been a lot of challenges. Without a good team and helping one another out, they wouldn't be as successful in the Department. He also stated that all the Regions are listed on there, and it is great that regions get recognized; but with all initiatives and changes in the Department, without Headquarters and the support team, Region 3 would not have this award. In all sincerity, he thanked all the directors in the room including finance, DTD, HR, Staff Services and others. They have leaned on these people a lot, especially through all the changes. It has been a great team effort. He also thanked the Commission.

Chairman Peterson congratulated Dave Eller and Region 3 and extended his congratulations to the entire state on all the great work that has been done.

Scot Cuthbertson stated that it was his sad honor today on behalf of the rest of the staff that has not had an opportunity to recognize Scott Richrath for his efforts here at CDOT. Scott first came to CDOT as a fiscal analyst. One of his more challenging early assignments was developing performance measures. When he assumed the role as the Chief Financial Officer, he took a very aggressive participation in cash management and asset management. Scott has also gained the trust of the Commission. As Scott moves on an up, CDOT thanks him for his contributions and wishes him the best.

Scott Richrath thanked everyone. When he started as CFO, one of his first assignments as member of Senior Management was from Scot Cuthbertson to read a book called *Death by Meeting*. He thought he was going to read a book about how everyone needed to have fewer meetings at CDOT. But the point he got out of it was

that there is no point in having a meeting if it is just an informational report out. There are a number of other more efficient, productive ways to accomplish that. The point of the book was that if the meeting does not engage in useful discourse, healthy confrontation and conflict to generate ideas from not only the most vocal but also the quietest in the room, the meeting was not a productive one. Over the past day, he has thought about the healthy conflict that he has engaged in with multiple people across CDOT. In almost every one of those circumstances, friendships have been built through that healthy confrontation. They have engaged in that because both parties were honestly doing what they believed was best for CDOT and for the citizens of Colorado. Never once did he have a reason to doubt someone's motives, and he hoped that no one would have doubted his own. In the few weeks that he has had the privilege of working under the new Executive Director, he can assure all of staff that there will be healthy discourse. Shailen Bhatt will be working and fighting for and on behalf of everyone to do what is best for Colorado. Scott stated that it has been a true honor. Everyone talks about CDOT as a family, and it truly is.

Chairman Peterson stated that on behalf of the Commission, he wanted to once again thank Scott Richrath for all he has done. He wished Scott all the best in the world.

Commissioner Gilliland also wanted to extend her personal thanks to Scott as well. They have all very appreciated his service, especially his humor, his professionalism, and his ability to bring something down to a level where everyone can understand it. She welcomed Maria Sobota and thanked her for stepping up to fill some big shoes. She also thanked John Cater for his participation with CDOT, especially on the state tours. She stated that is exceptional as well that he takes his time as a partner to do that.

Other Matters

Chairman Peterson stated that there were no other matters to come before the Commission.

Adjournment

Chairman Peterson announced that the meeting was adjourned at 10:45a.m.

**Transportation Commission of Colorado
Special Workshop Minutes
February 5, 2015**

Chairman Ed Peterson convened the meeting at 8:40 a.m. in the auditorium of the headquarters building in Denver, Colorado.

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

ALSO PRESENT: Don Hunt, Executive Director
Scot Cuthbertson, Deputy Executive Director
Josh Laipply, Chief Engineer
Scott Richrath, CFO
Herman Stockinger, Government Relations Director
Mike Cheroutes, Director of HPTE
Brett Johnson, Director of the Office of Major Project Development
Tony DeVito, Region 1 Transportation Director
Kathy Young, Chief Transportation Counsel

AND: Other staff members, organization representatives,
the public and the news media

An electronic recording of the meeting was made and filed with supporting documents in the Transportation Commission office.

Staff Presentation

Chairman Peterson welcomed everyone to the workshop on the I-70E Project. He stated that the morning would begin with a staff presentation and that public comment would open after that.

Scott Richrath began the staff presentation by thanking everyone for their attendance. He stated that he would briefly walk through the process CDOT has gone through the get to today and the decision that would be made today and then hand it off to Brett Johnson, the Director of the Office of Major Project Development. He stated that it had been over a year since he stood before the Commission and presented a Value for Money Analysis, a draft analysis of what Bridge Enterprise and other funding was available. He stated that he would present the current funding scenario during the presentation. First, he wanted to take the Commission through

the events that have occurred since the presentation 13 months before. He stated that there have been several Commission workshops and an extensive public engagement effort that Peter Kozinski, Rebecca White and Kirk Webb are able to speak to. He stated that staff has been through a variety of scoping analysis looking at not only the aspects of replacing the Viaduct itself but also the aspects of carrying that project out east of the Viaduct, taking it as far as I-225/Pena Blvd. Today the Commission is examining a second draft of a Value for Money Analysis done by Macquarie, advisors to the Department. A Value for Money Analysis is intended to look at sources and uses of funds, how one goes about financing and delivering a project with as many sources, uses and moving parts as are before the Commission.

He stated that the plan is to move toward a regularly scheduled February 19, 2015, Commission meeting where staff will present to the Commission a recommendation on delivery method and financing mechanism. That leads staff to a Request for Qualifications (RFQ). Many people are familiar with a Request for Proposal (RFP), but the Department is not yet at that stage. They must first look at what industry participants qualify to handle a project of this magnitude. The February 19 decision that staff will ask of the Commission and the Board will be one more step forward to ask for an RFQ.

He stated that 2014 was a very busy year for I-70 East. He already discussed the presentations on the first draft of the Value for Money Analysis. They have discussed the importance of risk transfer and why Public-Private Partnerships (PPP) have been used across the country to take some of that risk away from the taxpayers and the public sector and transfer it to the private sector. Brett will discuss that further today. Today staff will also drill down into the decision about delivery method and financing mechanism. He stated that he wanted to touch on some of the outreach that CDOT staff has undertaken in getting the message out to the public on the importance of this project. The project is not only a CDOT project; it also involves DRCOG, the City and County of Denver, and a number of other stakeholders. This is not only a local project but also a project that has statewide significance and that has been a Bridge Enterprise project since FASTER legislation was introduced in 2009. This is one of the 30 poorest bridges in the state of Colorado. There has been significant public outreach and research and analysis on the project. Through the NEPA process, the Department received a great deal of very valuable public comment. There were approximately 900 comments, which sounds like a lot but FHWA said that for a project this size, that number would be expected. The Department has responded to those comments.

In December 2013, Macquarie presented the Value for Money Analysis to the Transportation Commission. In January 2014, he stated that he presented the staff analysis of Value for Money. In January 2015, staff provided the Commission with an update and a second summary of that draft. Staff walked the Commission through a month by month process. They described the outreach process to the Commission. In December 2014, staff asked Commission to take clear stand on the scope of the project, and the Commission stated that this was not a project if it only moved the bottle neck from the Viaduct to the east. The scope of the project should go all the way to I-225. With that guidance staff has conducted analysis since that point. Colorado Bridge Enterprise estimates that the footprint of the Viaduct is

approximately an \$850 million undertaking. The Enterprise does not have \$850 million in the bank. It has about \$100 million in the bank, but it also has the ability, statutorily and financially, to bond against future FASTER revenues in order to leverage more than \$100 million. Staff analysis to date stated that the Bridge Enterprise could leverage \$750 million of Bridge Enterprise funding not only to replace the Viaduct as it is but to also add additional capacity. DRCOG has passed by resolution of its Council \$50 million to this project. Senate Bill 228 funding is contingent upon a number of things occurring. The first trigger occurred when the economy in Colorado grew enough in 2014 to put SB 228 funding into motion. Unfortunately for CDOT, there is a back end trigger that states when TABOR refunds occur, that reduces by either 50% or 100% the amount that SB 228 that would be transferred to CDOT. That is a five year trigger. Once that occurs, CDOT has five years in which they could receive or be eligible for SB 228 funds, but CDOT does not necessarily get them in each and every year. CDOT will also not receive 100% of the transfer in years where the TABOR refund reduces the amount. What had the potential to be a \$1 billion transfer from SB 228 over five years at \$200 million per year with 10% statutorily dedicated to transit has been reduced according to the most recent forecasts to \$200 million over five years. Again, with 10% to transit, that leaves approximately \$180 million to highway and bridge programs. That is the \$180 million that is presented today. He stated that it is important to point out that those are not the only funds CDOT has to work on this project. There are Bridge Enterprise funds under FASTER. Under Asset Management and RAMP, CDOT has grown the preservation of preventative maintenance of statewide assets, and that includes \$30 million per year from RAMP to the Bridge Program for what today has been preventative maintenance of non-poor bridges (good and fair bridges), keeping them from falling into poor and keeping them from going to the Bridge Enterprise.

Commissioner Aden stated that it is important for the public to understand that there is not consensus on the projected SB 228 transfers. The Legislative Council forecast says that they will only get the transfer for one year. If that happens, there is only a \$90 million transfer, and there is a \$180 million gap. It is important to understand that risk exists, and he asked where that money would come from if that happened. He also asked about what impact that would have on the rest of the program and the rest of the state.

Scott Richrath stated that Commissioner Aden was correct. That \$180 million is a forecast from CDOT staff that looks at the Legislative Council forecast coming from the Legislature and the forecast from the Office of State Planning and Budget coming from the Executive Branch. They deviate immediately in year two. Using CDOT's own revenue analysis consultant, that is the number that staff has projected; it is not a certain number. March 20 will be the date that CDOT will receive the next Legislative Council and OSPB forecast. Even with that \$180 million, staff comes to the Commission to present a \$90 million gap with no recommendation on how to fill that gap today. They have discussed what to do in the event that the \$180 million does not come through. That is not a decision staff has asked Commission to make at this point. But there is not a staff recommendation on how to fund the \$90 million balance of this project.

Macquarie; Stifel, CDOT's financial advisor; the High Performance Transportation Enterprise (HPTE), directed by Mike Cheroutes; and the Office of Major Project Development have been working with the same number: \$1.17 billion for this project.

Brett Johnson stated that they had discussed the \$850 million of funding from the Bridge Enterprise. As Scott mentioned, that is not cash in hand but essentially the purple area on graph. There are some details on the list of the purple area describing how they are working to pay for the project. The blue area on the bottom represents outstanding bond payments that have already been issued by the Bridge Enterprise for other bridge projects. The green area represents a few different things. First and foremost, the I-70 corridor represents about 61% of the total bridge deck. However, from a policy perspective, staff wants to constrain and ensure that they 50% of the total revenue for other future bridge projects. He stated that for the rest of the presentation, when they discuss what is affordable, it will be in reference to the purple area and what the Department can pay for this project in the future.

He stated that ultimately the purpose of this public meeting and the discussion around what method of delivery to offer is a decision between Design-Build or two forms of PPP: Design-Build-Operate-Maintain (DBOM) or Design-Build-Finance-Operate-Maintain (DBFOM). In a traditional Design-Build, it is leveraging some type of public partnership to help design and build the program. What staff has found in terms of affordability is that the risks of operating and maintaining this asset over time, if shifted to the public sector, may make a lot sense when accounting for the cost of building the project as well as maintaining the asset. When the comparisons are examined, one of the larger differences is in who holds the debt. In both a Design-Build and a DBOM, where a contractor designs and builds and is responsible for operating and maintaining, CDOT is still the obligor of the finances. CDOT is the one issuing the bonds secured by Bridge Enterprise revenues in order to pay that back. In the DBFOM model, the private sector is also leveraging their capital to finance the project. In that situation, CDOT would be paying a fixed availability payment that would represent not only the costs of building, operating and maintaining but also relying on that private contractor to come up with the finances to pay for all of these. That purple area, once again, would represent where CDOT would find the source to pay this availability payment. But again CDOT would not be the issuer. In terms of previous history, it should be of note that Design-Build is a common practice of building projects. Just in CDOT since 2008, there have been 28 projects within a Design-Build feature. In terms of a DBOM in terms of identified transportation project, this is probably one of the least-defined in terms of projects nationwide for transportation. There have been some examples internationally and through water treatment facilities of this model. The only two of recent note for DBOM examples for transportation have been in Texas and Arizona. DBFOM for transportation has been slightly more defined, and there are a number of nationwide examples of this. Of note in Colorado, there have been two projects using this model. There are about 65 projects nationally. "Off-the-shelf" may not be the best way to describe it, but there is a little more data about how these look.

Within the discussion of project affordability, he presented a very simple graph from a present-value basis. When discussing project affordability, it is a discussion about the total cost of project based on the model vs the constraints on what the

Department has to pay. In all three comparisons, there are bars in orange and blue to represent what the actual project would cost under those components. The red dotted line is essentially the capacity: whether those costs can be fit into the purple area from the initial graph. Design-Build appears to be the least affordable in terms of the constraints on revenue; so the options moving forward are really DBOM and DBFOM. The most significant difference between those two is essentially the contingency. It is discussion about what CDOT would be responsible for paying and what the private contractor would be responsible for paying. In DBOM model, CDOT would have to account for certain contingencies if there were cost overruns, maintenance overruns, and operations overruns. There would be a threshold in which CDOT would have to budget for the possibility and make a budget buffer of some kind in order to pay those contingencies. The form of that could be borrowing for a reserve or just tightening the coverage or available revenue to pay on the purple area. But it has to be accounted for as opposed to DBFOM. When the Department passes along some of the risks of future cost overruns in the DBFOM component, it is no longer necessary to account for as much contingency because of the risk that the public contractor or concessionaire is assuming, as well as whatever amount of equity may be determined as part of that deal.

He stated that moving on from project affordability, CDOT staff has assessed many different risks based on each one of these programs, from the upfront process of NEPA permitting to financial risks as well as ongoing costs of maintaining the asset. There are three starred areas in the table that have the greatest significant difference between DBOM and DBFOM. These are project financing schedule, life cycle maintenance costs and long term security costs. Project financing schedule is how complicated and how certain are the deals to put together. DBOM offers certain protections that protect CDOT in some future contingencies but not all of them. The part of the product of DBOM is more of a bundle in which a contractor may guarantee assurances and components of that. CDOT would also be responsible for issuing the debt structure. There are more steps in the process and more undefined steps in the DBOM as opposed to the DBFOM. When discussing the project financing schedule, there could be other associated risks with that. If the project is delayed because of these complications of getting these things together, there could be other risks associated with that. There are interest risks if it is not possible to go to the market and price soon rather than later. Staff knows what interest rates are today but does not know what interest rates will be six months from now. There is at least a greater amount of certainty about the package with DBFOM than with DBOM. In terms of life cycle maintenance costs, the reason why both DBOM and DBFOM are more affordable is the fact that CDOT is leveraging some amount of risk (one greater than the other) of the private sector maintaining this asset. They have skin in the game; whereas, on the public side, it is arguable that based on future budget constraints, the Department may not be able to maintain this as well. When the Department leverages a private entity to maintain the structure, it comes with strings attached. On the DBFOM side in particular, there is an availability payment that has components of performance of the asset associated with what the Department is paying. It is not a fixed principle and interest cost with some future operations and maintenance costs. It is attributing components of performance associated with this availability payment that helps add a carrot to making sure that this asset is maintained over time. With long term security costs the discussion again becomes

about what those protections are for CDOT. He stated that there are certain protections in both DBOM and DBFOM. In DBOM may include some protections like some kind of reserve, assurances, contractor guarantees, etc. Of course, when the Department shifts a lot of those risks along to the contractor, they are mitigated even further in the DBFOM model.

In terms of broad scoping conclusions, staff views DBOM and DBFOM the more optimal case for this. It should be noted that the discussion is about a project that is large in scope. When discussing the affordability, it is important to understand that when moving into risk transfer and the questions around that as well as risk tolerance, it is a matter of assessing what level of risk tolerance that the Department has. The Commission has to decide if it wants to transfer more of that risk to the private sector to make a more predictable payment within the DBOM and DBFOM models.

He stated that Scott Richrath mentioned next steps. Staff is looking in this public hearing and in the future to assign where this project is going to go in terms of delivery method. As Scott mentioned, this does not lock in a method. There is still a long process of engagement with industry. There is an RFQ out that is not yet even an RFP. Staff is at a place where they want to engage with contractors who are qualified to be partners with the Department. Staff also wants to emphasize that at every step they have been engaging with the public about this issue. This will continue. With every step that is taken, there will be components of public engagement about this project.

Ed Peterson stated that they would move into public comment. He reminded everyone that this was a very focused workshop. He thanked everyone for attending the meeting and their willingness to speak to the Commission, and he stated that the Commission valued their input and the time they had taken out of their day to attend. He then reminded everyone that purpose of the meeting is focused on how to deliver the I-70E project and whether or not PPPs provide the best value for Colorado. While the Commission does not want to prevent anyone from making the remarks he or she feels is appropriate, this meeting is not about the ongoing Environmental Impact Statement for I-70E or the merits of the current preliminary identification preferred alternative. He reminded everyone that each person had three minutes and asked those speaking to be respectful of everyone's time. He asked those who wanted to speak to the Commission to go to the podium and speak into the microphone.

Public Comment

Anne Elizabeth stated that she is from Globeville and that her center of gravity is the neighborhood planning process and the National Western Center Advisory Committee and the realities of day to day life where all of these incredible projects that are in the planning stage and unknown futures come together. She stated that she first wanted to say that she appreciated the step toward transparency that is manifested in this room. She hoped it could broaden, continue and deepen. With enough time, a lot of constituent citizens could understand what these formulas are and how formidable these decisions are. She has learned how decisions have to be made with percentages of unknowns. This is a process. That is the window she wanted to address from the

point of view of the neighborhoods. On the day to day life of what is unfolding as the Commission asks questions about risk and doing the project, she wanted to reinforce that they are talking about the daily lives of people in generations in very stable neighborhoods where there are among the highest owner occupancy and many stories of people who grew up from grade school and have grandparents who worked in the original industries. This is a legacy. She stated that she hoped the questions would revolve around that. It is a very formidable sense of being overwhelmed that many people on all sides disagree with what the risks are of different types of partnerships and what the risks are of the design of the project and what the risks are of the whole future of the vital economy. She stated that she hoped the questions would continue to be rigorous. She asked for an elaboration on the statement in the Value for Money that the Unknown HAZMAT Risk is high in all categories. She asked for some details on that. She stated that finally she supported more education and outreach into the neighborhoods so that more people can engage with a full understanding of the process. She stated that she lamented the lack of civics in the schools. She stated that there is a big gap between the process in the room and people understanding what is going to impact them in their daily lives in the neighborhoods. She appreciated everyone in the room on all sides that are challenging this and trying to help people understand what is at stake because there is so much that is unanswered and uncertain. It is necessary to work together to get the bottom lines of what life is going to be like, what is the future vision of the city and how these decisions impact it. It could be extraordinary and it could be things other than extraordinary. She thanked the Commission for the opportunity to speak.

Dennis Gallagher, the auditor for the City and County of Denver, stated that it was a joy to be at the meeting. He stated that he is very concerned about the I-70 expansion. He stated that he was speaking as the elected auditor for the city. The cost of this project is indefensible. \$1.2 billion for 1.8 miles makes this project between 1.7 and 22 times more expensive per lane mile than TREX and up to 13 times more expensive than the proposal to rebuild I-70 through the mountains from Golden to Silverthorne. CDOT proposes funding \$850 million through the state's road and bridges fund. \$850 million is every dollar for 8.5 years to this project with not one penny to roads and bridges for the rest of the state. None of financials showed today show the interest in finance cost for building the project. Debt service is not included. As an auditor that is concerning. In today's price for an ounce of gold, he stated that he figured it would be possible to pave the highway over 78 times at the same thickness the gold on the Dome was just replaced. To paraphrase William Jennings Bryan, do not crucify North Denver on a highway paved in gold. He stated that they should not leave the city uglier than they found it. The ancient Greeks swore an oath to make the city more beautiful than they found it. That means financially as well. He stated that he hoped the Commission would reexamine and reconsider.

Commissioner Gruen asked Dennis Gallagher if he was speaking personally or for the City. Dennis Gallagher stated that he was speaking personally and was not quite sure what the City's position was. Commissioner Gruen stated that this is a vitally important project for the City of Denver.

Charles Ward, Vice President of Public Affairs from the Denver Metro Chamber of Commerce. The Denver Metro is a membership organization including 3000 businesses located up and down the Front Range representing over 300,000 employees with business interests across the state. He stated that he was before the Commission primarily to support the use of PPPs in Colorado for major projects, when it makes sense. He stated that included that caveat because he understands that it does not always make sense. It is an innovative financing project that first showed up in Colorado on US36 at a state level but it has been used for a number of different projects across the state and around the country for years. It is not a new means of delivering a major project, but it is an efficient means to draw in other financial resources to help complete in a timely manner those projects that are very important to the business community in Colorado. I-70 in particular could be called the “aorta” through the state. It is certainly a key conduit for transit, for commercial, operations and business. This is also true of when people go to the mountains. It is a part of the “brand” of Colorado. On the particular project facing the Commission today to the extent that it does facilitate completion of the project in a timely manner they strongly supports the use of a PPP on the project and strongly give their support to solving the problem. The risk that people face with the current stretch of I-70 from a safety perspective and from an adequacy perspective, they urge the Commission to approve a plan that is going to provide relief and stability to that corridor.

John Prosser stated that he knew some of the Commissioners and had never had the opportunity to meet others. He lives at 390 Emerson Street in Denver. He has been an urban designer and architect for 52 years in Denver. He stated that he has no vested interest in this project and wanted to ensure that was clear to the Commission. He stated that he was also a member of the Urban Land Institute and was on their Community Development and Affordable Housing Councils for 20 years. He worked on approximately twenty different interstate systems both in the US and overseas. The last one he did was a 100 mile corridor between Dublin and Belfast that was a PPP type of project. He stated that what he wanted to do this morning was to be a messenger. He had a letter from the Iliff School of Theology at Denver University (DU). That letter now has over 380 signatures. He provided a copy of that letter to the Commission. He stated that he also has a letter that he personally sent to the Governor and to the mayor that shows the functional problems of this. He stated the reason he could speak to this is because he first started doing Environmental Impact Assessments in 1971. The largest one that he did in Colorado was 160 square miles in Summit County. He stated that he was speaking as an expert in that because he taught the course at the University of Colorado for several years, and he helped come up with all the methodology at what was known as the Rocky Mountain Center of Environment. He asked the Commission to look at the two letters to see what information is there. One is on the ethics, and the other is on what is the function. In his opinion, based on the analysis he has done over the last two and a half years, this project is headed for disaster. He thanked the Commission for the opportunity to address them.

Frank Sullivan stated that he lives in Park Hill and is a retired instructor of biology for Front Range Community College. He became very interested in this project a number of years ago when he and his oldest grandchildren would go swimming at the swimming pools in Swansea and Elyria. As he sat at the swimming pool watching the

kids, he would look south and see the highway from a perspective he had not seen previously. He would ask himself and his kids why that interstate was there and why it should be there. He asked why not something else. He spent a number of years looking at this and asking the same questions: why is it there and why not something else. He kept getting the answer, even as recently as this past week, "The train has left the station. Stop concerning yourself about that. This highway is going to be built just as the Colorado Department of Transportation has suggested it is going to be built." He stated that he came here today to state that they do not have the money to do that. He asked why they do not look at alternatives that the Department can afford and is probably more beneficial to the neighborhood, the northern part of the city, and the surrounding areas. He stated that he understood they were supposed to be focusing on the program laid out for this morning but that he still saw a \$90 million shortage of funds, which is probably actually greater than that. He also stated that all of the expenses have probably not been delineated at the present time. He asked why the Commission would embark upon something that seems to be failing at the beginning. He asked why not spend the Commission's time more productively looking at something affordable, something that people will be proud of in subsequent years. He thanked the Commission for their time.

Keith Howard stated that he lived in the Sunnyside neighborhood, which is a neighborhood directly affected by Interstate 70 as it forms the northern boundary. He stated that he is also involved with the group United North Metro Denver. He stated that he did not have any particular expertise but that he could only offer the Commissioners from the view of a reasonably informed and interested citizen how this process and this financing appears. The public document for discussion today says that CDOT does not have \$1.8 billion but that it has some money to start the project, the first phase. It seems like as a Transportation Commissioner, one would want to be sure to be able to finish whatever project one starts. Of course, the \$1.8 billion price tag is not new; the people have heard that figure for a number of years. Commissioners are being asked to backfill part of the \$1.2 billion with an unknown quantity of money from Asset Management. The rest of the project, a few subsequent phases would have to be accomplished. He stated that to him it looked like the Commissioners are proposing in effect to write a very big blank check. He stated that he thought the voters would help the Commission out of this problem if they were asked if the project should go forward in the present configuration at the present cost. He stated that the Commission needed a miracle, and the one on offer was a PPP. That is the 21st century version of the miracle of the loaves and the fishes where a constrained funding source by some miraculous process satisfies a multitude of greedy appetites. But to his mind the real miracle of the PPP is that the voters have no chance to look over the final proposal and say no. It seems to be a dangerous path to continue forward on. The funding situation for infrastructure in Colorado is bad. That is one thing that everyone in the room could agree about. To continue to deceive the public that expensive projects can be procured at no cost to them in taxes is fundamentally self-defeating and a mistake. He thanked the Commission for their time.

Jude Anillo stated that she is a retired social worker and would not give the Commission her lecture around social justice on this issue. But she stated that last night she saw the US Secretary of Transportation Andrew Foxx. She stated a few

points he had made were interesting that she would like to elaborate on. One was that he was saying with transportation, there are two issues that really need to be looked at. One of them is the changes in transportation. They talked about the self-driving cars and how it is necessary to look at the needs for transportation very differently. She stated that is one thing she hoped the Commission was looking when deciding whether or not to pay for a project like this. The other one, being a retired social worker, was very near and dear to her heart because he said that many times people define the problem incorrectly. She stated that she believed that is what happened in this situation. She stated that the problem has been defined as lack of capacity when the real issue, at least for part of I-70 specifically the part that goes through the heart of Old Denver, is that the interstate is picking up all this local traffic that is stymied because of 56 dead ends in the area. Then they get on the highway, and it gets clogged because there are very few exits. She stated that what she currently saw the Commission doing was talking about paying for a project when the problem has been defined incorrectly. The problem is not more capacity. If the Commission looks at all the cities right now that are looking at changes in their highways, almost all of them are the areas where it is going through an old neighborhood and usually a poor neighborhood of town. That is her concern. She had clients in that area and saw all the negative effects that that highway had on people. The money would be much better spent on truly doing what the highway is supposed to do: interstate travel. If the money was spent on improving I-270 and I-76 for this small part of the highway. At one time 6th Avenue was supposed to be a highway. It is possible to see how it is a highway for a while, and when it gets into a town, it is a boulevard; and that works. She stated that this is what she would like the Commission to consider here. Also, the Commission should remember the mistakes that have been made before in spending money like the Bridge to Nowhere in Durango. A lot of money was spent on that, and people cannot get anywhere on that. If the Commission funds this project, they will be funding a parking lot.

Commissioner Peterson stated that concluded the list of members of the public who signed up to speak. He asked if there was anyone else in the room who wished to address the Commission. Seeing none, he again thanked everyone who took the time to come to the meeting and address the Commission. He also stated that he received an email from Steve Kinney. He asked that hard copies be distributed to the Commission. With that he concluded public comment.

Commission and Board Discussion

Commissioner Reiff thanked all the members of the public who both came and spoke. The public process is incredibly important to the Commission. He stated that the Commission has tried to and been very vigilant about keep executive session to very narrow matters of contracting that the Commission would not want released before a public bid that would lead to noncompetitive purposes. He wanted to be clear that the Commission has tried to keep as much as possible in the public session because they believe the public session is the most important, and only those things that could lead to anti-competitive behavior should be discussed in Executive Session. With respect to this program, there have been many people working very hard on it. He thanked Executive Director Don Hunt who came up with the idea of lowering the interstate through Denver in order to connect those two important neighborhoods. He

thanked Mayor Hancock for his leadership in helping bring the city to the table with a process that has worked hard. The neighbors themselves have done a tremendous job, as has the CDOT staff. That has left the Commission with a project that is still going through the EIS process but as part of that process the Commission needs to identify a funding option and a funding approach. He stated that as the staff knows, he has been sometimes exceedingly difficult over the last year, asking questions both from an HPTE stand point where he sits and on the Commission. This is not an easy answer. Unlike C-470 where it was relatively easily and quickly decided that would be a pure public and not a public-private transaction, this one becomes much more complicated because the Commission is trying to dig into variables and assumptions that are difficult to understand. There are issues about coverage on bonds, interest rates and contingencies. But for the Commission to do its duty and complete and EIS, they needs to try to do that and do it to the best of their ability. He stated that when he first looked at the reports, he was concerned that the reports themselves were assuming a conclusion: DBFOM, which is the full Design-Build-Finance-Operate-Maintain. The Commission pushed very hard for the staff to go back. They brought in alternative consultants to relook at it. He stated that he really does believe as a few of the Commissioners have said, it is a very close decision. It is 8 miles of project through the middle of Denver. It is vital corridor. The constituencies and communities have come together to address it. How the Commission chooses to finance the project is going to be very important for the rest of the state in addition to Denver.

Commissioner Reiff stated that the Commission has made a variety of assumptions that are important. First of all, they are not going to starve the rest of the state to complete this project. In so doing, the Commission has said they will allocate approximately 50% of the Bridge Enterprise to this. It is important to keep in mind that this bridge is 61% of the deck area. They have left a strong amount of money available for the rest of the state for their bridges. That is an important facet. The second important facet to consider is, in the long run if there are problems that exist in construction, operation or maintenance, how the Commission will protect the rest of the state and the rest of the funds themselves. This is where it becomes more complicated. There are methods to do Design-Build-Operate-Maintain without the finance component, and he stated that he was originally going fairly strongly that direction. He believes CDOT has the ability to deal with the financing themselves. The problem with that as he continued to consider the option is the unknowns later on. The funding sources at CDOT and the rest of the state have been relatively stagnant, other than the FASTER money. The gas tax has not changed in over 20 years, whether it is federal or state. In that 20 years, Colorado has many more vehicle miles traveled on the roads. The buying power for that gas tax continues to decrease, and there are very few other funding sources. He is not optimistic that he is going to increase those funding sources for the rest of the state or the rest of the metro area for this project. With that in mind, he started to think about the Commission minimizes the risk for the metro area and for the rest of the state to deal with a project that needs to be done. That is where he begins to tilt a little more to adding the finance back in. By adding the finance back in, the private sector is taking on the long term obligation without state funding to maintain this project. If it falls into less repair, they are going to be obligated either as the equity holders or the bond holders to fix it. He stated that it is still a close call, and he is not 100% supportive of the

DBFOM model. But he believes in looking at how the rest of the state will be most benefitted fixing the cost for this project at this moment in time. CDOT will complete the project. It is eight miles, and it is going to be completed. The other portion that the Commission decided not to do does not affect the viability or the efficacy of this transportation project. That is really important because if they cannot do a transportation project, they should not do any transportation project. He stated that he is open to the other Commissioners and to other public feedback because it is a close call. At this moment, which is different than two weeks ago, he is tilting toward adding the financing back in because of the importance of fixing the amount of money that is going into this project so they can continue to benefit the rest of the state with the rest of the funds available. But it is a close call.

Commissioner Gruen echoed Commissioner Reiff. He thanked everyone for taking time out of their schedules to join the Commission. He stated that the Commission appreciates hearing what everyone has to say. He told Mr. Sullivan that in response to his comment, the train has left the station on this one. The Commission has decided that this project is of such critical importance to the citizens of the state of Colorado that they will proceed on this. The Commission is trying to figure out how to do so in a manner that makes the most sense for everyone. They are debating the delivery method to achieve the construction project that they have been working on for years. This particular project was on an original state strategic project list and is one of 2 of 27 that is not finished yet, and part of that is due to the extraordinary cost. The Commission is very cognizant of the immensity of the cost. But that does not ameliorate the fact that this is a critical improvement. If the Commission chooses not to do anything, the cost of that decision will exceed the cost the Commission faces of financing the project today. He again thanked everyone for attending. He stated that the Commission tries to be as transparent as possible. He stated that they have been working hard for years. It is not a new issue that has come up over the last few months. They have been working for years to make it a thoughtful and successful transportation project for the state.

Commissioner Aden also thanked everyone for coming and sharing their thoughts with the Commission. He stated that there were a few things he had been focused on. From the very beginning, one of them has been the impact on the Bridge Enterprise and by extension the rest of the state. He stated that he had been around the Commission for a long time, and he reflected back on when the discussions were taking place in the 2009 session of the legislature, as a follow up to Governor Ritter's Blue Ribbon Panel. The FASTER legislation was crafted. They have known from the beginning that this project was one of the original thirty worst structures in the state that was presented to the Legislature. They were told that if they enacted the increased registration, those thirty were the priority projects. They have known from Day 1 that this project would have a profound impact on the Bridge Enterprise. As one of the Commissioners who represents a rural part of the state, he is willing to accept that. There has been tremendous progress all over the state with the Bridge Enterprise in its relatively short life. He stated that he is comfortable that if the Commission moves ahead with this plan that there will still be adequate funding to do what needs to be done for critical bridge work in the rest of the state. For the purpose of the discussion on the best method of delivery is, he stated that he agreed with Commissioner Reiff. He had been very much on the fence about the decision,

but from a policy perspective the Commission has to consider the risk transfer as they make the final decision. The DBFOM tends to transfer more of that risk to the private sector. As the Commission examines the long term funding available to CDOT, they do not have the luxury of being able to take a lot of risk. It is not clear at all what kind of revenues will be available in the future, should some contingencies take place. One of the other concerns that he has is that they do not really know what the funding gap is. He reflected back on the TREX project. At the time that the voters authorized CDOT to borrow \$1.5 billion for the 7th Pot Projects, the Department had revenue projections at that time that showed CDOT would have future general fund revenues to service that debt. In a few years that was available, but in most years CDOT did not receive those. CDOT has had to cover the \$167 million of debt service in most of those years, and that has had a big impact on the program throughout the state. When relying on future general fund revenue projections, there is a history of fits and starts of general fund revenue transfers to CDOT. There is some risk there. The Commission needs to be very mindful of that during the decision-making process. He stated that he is not sure when the Commission reaches the point of no return on this decision. I stated that he would unfortunately not be able to attend the Regular Commission Meeting in February, but he would say that if they choose a delivery method and proceed with a Request for Qualifications, that he hoped the industry would understand that there are still many on unknowns on the project. He does not know when they reach the point of no return. He hoped that by issuing an RFQ that the Commission is not creating an expectation that CDOT will find the money somewhere. He stated that he is not willing as a Commission to find the money somewhere. That somewhere would be to take it out of the rest of the program and projects in the rest of the state. He stated that he is not willing to do that. CDOT either has the money, or it does not. At some point it is necessary to have a very definitive source of revenue. This is the largest project in CDOT history, the largest portion of CDOT funded. The cost of TREX was shared with RTD. He could not think of another project in all his years on the Commission where they proceeded when they did not know where the money would come from. He stated that the before the Commission reached the point of no return, they needed to have more clarity than they currently had as to where the money is going to come from.

Commissioner Gilliland stated that she could not agree more with the comments that have been made. She thanked all the members of the public for coming and helping the Commission understand what the perception is. That is a great help to the Commission, knowing where there is information that has not been clear enough, specifically about where the Commission has been. As was previously mentioned, this is not a project that has only come up in the last few months. This has been ongoing for a long period of time. She stated that she appreciated all of them coming out. She stated that when she looked at the project, it is huge. It is mind boggling to think about how it is going to get done. One of the things that strikes her is how it has been talked about for years. If the Commission puts it off and moves the problem forward, it becomes a safety risk on one level. They know that structure is not sound. It is considered poor at this point in time. To leave it and to continue fixing what can be fixed can only go on so long before something has to be done. The longer the decision is put off, the higher the cost will be. As mentioned before, the buying power of every dollar was much higher twenty years ago than what it is today. If the project

continues to be delayed, somewhere down the line the Commission will have to find the wherewithal to do this. Although there are challenges now with the funding gap and how to bring that together, that is a challenge the Commission needs to struggle with and find the creativity in the project to move it forward. She stated that she had also looked at both delivery methods that seem to have the highest opportunity, DBOM and DBFOM, and it is a consideration of where the risk lies, where the public has the least risk but the Department still gets what it needs out of the project. She stated that when she looks at the concessionaire in the DBFOM model, there is an incentive that goes along with that. When discussing how a project is developed and designed and when there is someone taking responsibility for the long term commitment that will need to be made in that form, they will look at how they can build it and design it so that they will be able to maintain it long term. That is a big thing that needs to be considered as far as what the Commission decides for a delivery model. Looking very seriously at these issues, no one on the Commission is taking these issues lightly. Finding the funding is absolutely critical. But the time is now. It is necessary to do this and make this happen to get this fixed. It is a vital corridor for the economic vitality of Colorado. Again, to consider putting it off until later or choosing to only do part of a project is not viable at this point in time. The Commission has to look at what is in the best interest of the public in moving forward and moving people and goods through Colorado.

Commissioner Gifford thanked the public for coming out and echoed Commissioner Gilliland's comments that it is necessary to move forward on this project to address the significant safety issues and because of the increase in cost to whatever extent the decision is delayed. She stated that there is obviously more discussion that needs to happen between the staff and the Commission about either DBFOM or DBOM. At this point her inclination is to tilt toward the DBFOM procurement simply because it seems to have a better limit to construction risk, with associated contingencies on the front end and long term securities on the back end. In terms of limiting the impact on the rest of the state, that seems the best way to balance the needs of both this project and the rest of the state.

Commissioner Barry stated thanked everyone who took the time to come to the meeting. This is a key project, probably one of the key projects for the state as well as the region. They value all the public engagement that has taken place today. Additionally, as a Commissioner, she recognized the importance of the regional participation. They are partners with Denver and value them in this process. They will be key as the Commission moves forward in making those decisions. They recognize that this is a project that has to happen and is on a tight timeline. She stated that the Commission does have to do be good stewards of the public's resources. This is a large decision that has to be made, and the Commission has to make the smartest decision possible. Moving forward over the coming weeks, the information presented today was great. The presentation laid it out very clearly. Moving forward, they have to make a decision, but this has been a very good process. She thanked everyone who has been involved.

Commissioner Hofmeister thanked everyone who has been involved and has worked very hard. This is a very difficult decision that they have to make over the next few weeks. He stated that he has the same concerns that Commissioner Aden has: that if

the Commission finds it has a large funding gap near the end of the project, how will that affect the rest of the state? He stated that is something this is a large consideration as he is trying to convince himself to vote yes for this project in a few weeks.

Commissioner Zink thanked everyone for their comments and taking the time to be there. She stated that she felt like a couple of those people were probably thinking that everyone thanked them for their comments but were completely ignoring what they had to say. She stated that she did not want them to feel that way because she does not believe that is true. Some of the Commissioners do not have the long history that Commissioner Aden has, so some of the questions that come up are new questions to some of the Commissioners. They have been dealt with in the past to many people who have been involved with this project over a longer period of time. If there is some way that someone could very briefly recognize the two or three people who commented about whether or not this is really right the answer and are there engineering problems that have not been addressed. She stated that she has no doubt that they have been addressed, but she does not want those people to walk away feeling like they have been ignored.

Commissioner Connell also thanked the public again. She stated that she agreed with so much that has been said by the Commission members, particularly Commissioner Aden. She too represents areas of Western Colorado. The funding issue is without a doubt her most serious concern about proceeding with the project. She stated that she also thinks it is important to recognize the greater good that this project does. The greater good is not only for people passing through the state but also for the neighborhoods that are impacted. As one Commissioner at the meeting, she stated that wanted to say that it is incumbent upon everyone to listen to what was said by the public, listen to the emails and the letters and ensure that those are answered and dealt with correctly. They have been dealt with in the past, but she is not a Commissioner of long history. Those questions need to be readdressed. That and the impact of this project onto the neighborhood are the most important as we go forward. It is the people of the whole state that the Commission needs to be concerned about, not the people of some of the state or the people who are just passing through. At this particular time, she is tending to look toward minimizing the risk as the Commission moves forward. She is very much looking forward to getting more information, but since there are not good funding sources in the future, she believes that sharing the risk is going to be an important part of the equation. She again wanted to emphasize that she thinks that they need to be good stewards now and in the future with everybody. She stated that she will strive for that.

Commissioner Thiebaut stated that he is pretty new at this, only having been on the Commission for a year and a half. He wanted to say from the outset that he has always had concerns about this project. It seems as though the project is going to move forward because the votes are there. The public needs to know that. He stated that he realizes that. He stated that what he thinks what the Commission is trying to say today is that there are mainly two areas of focus. One is affordability, and the other is risk. As far as affordability goes, one of the issues that the Commission has to be very careful to address is the very issue that Commissioner Aden brought up, and that is where the money will come from. There is a gap in funding, and there is

no designated source to fill that gap. The thing that he is concerned about is if they use the Asset Management money, which will come out of needed projects around the rest of the state. Perhaps there is a way to mitigate that, but he for one as a Commissioner does not support using Asset Management money to fill the gap. They might be pleasantly surprised to find out there is more Senate Bill 228 money. They might be pleasantly surprised to find out that there is money that the Commission is not aware of today. They might be pleasantly surprised to find out that the City and County of Denver would be willing to come up with money and perhaps even match it with federal money. That would all be good news on the affordability issue. As far as the risk issue goes, he stated that he is very concerned about the whole concept of public highways somehow becoming private enterprises. Although he knows that the only way to really finance projects of this size, and his understanding is that this is the largest project in the United States that is on the drawing board not only in Colorado or a particular region of Colorado, there are a lot of interested players out there in terms of how they would come in and make this work. He stated that he wanted to see the Commission get the best bang for their dollars. He thought that by negotiating with some of these interested parties, the Department might be able to have them assume risk but still keep some of what he believes are the major responsibilities of a state government in place in watching over to make sure the future needs of the citizenry relative to this project are being met. The thing that he is concerned about with the DBFOM method of financing is that the Commission is washing its hands and saying it is no longer the Commission's problem, it is the private enterprise's risk. He stated that he has seen in the past where that does not always work. Down the line many years from now there could be a situation develop that the state of Colorado has the risk and then they have a problem with the companies that have said they would assume the risk. Then the state pays double. His thinking is that while the delivery method is a close call, the DBOM might be one that the Commission needs to think about a little further in order to see what can be gained out of a tough negotiated process to slide that contingency risk to the private sector but to keep an iron in the fire to make sure the Commission's role as a public entity watches out for the interests of the citizens. He stated that the seven witnesses' comments were helpful to him. He especially appreciates hearing from the public, especially one of his former Senate colleagues, Senator Gallagher. It is good to see the involvement, and he stated that he is very appreciative to his fellow commissioners for their deliberative attitude towards this and to the Executive Director. This is something that is high on the Governor's agenda. That makes it important as a Commission member because the Governor designated him to serve District 10. At the same time, when discussing affordability and risk, he has to draw some independent conclusions from the presentations. He stated that he has some grave concerns. Between now and February 19, he will either reconcile them or he will not, and he will make a decision then.

Executive Director Hunt also thanked everyone who attended the meeting. He wanted to reaffirm that this is another step in the process. Although the Commissioners have discussed this project and its importance not only to the Denver metro area but also as the main highway to Denver International Airport. In that context, the Governor stated in his State of the State speech that Denver metro area's health is dependent upon continuing investment in transportation, especially in the I-25 and I-70 corridors. Those are the corridors of commerce. This is probably the most critical

investment that CDOT has to make, not only for the Denver metro area but also for the state in terms of additional capacity. It seems like there is some confusion about if there is not \$1.8 billion, which is the EIS number, for two new lanes in each direction, than the plan should be given up. That is not the state of transportation right now. The Environmental Impact Statements identify a program of project over a 25 year period. It is up to the Commission and the Department to figure out what it can afford in a first phase. For instance, the I-70 Mountain Corridor EIS said that they should have \$5 billion for highway improvements and \$10 billion for train improvements. However, that does not mean everyone will just sit around and do nothing until there is \$15 billion available. CDOT is here to serve the state. That is why there have been step by step investments that have been a couple of hundred million dollars' worth of investments at the Veterans Tunnels and the Peak Period Shoulder Lanes this year to keep improving mobility and capacity for the health of Colorado. Here they are saying that they need \$1.2 billion to get one lane in each direction out toward DIA. They are still short, but they are also about a year and a half away from having to really make the final decision on this project. There is time. It is not unusual, in fact it is business as usual, that there is not the money for any given project that is being planned a year or two or three out. He stated that he would not make any comments on affordability or choice of delivery method, but he did want to comment on the risk transfer table that is in the report on page 19. That came up in Anne Elizabeth's comments. One of the considerations that they have in lowering the highway in Globeville, Elyria and Swansea is the condition of the soil. It has been an area that has had a number of industries over the last 50 to 100 years. They want to make sure that they are protecting the public safety as they start to remove that material. All the chart is saying is that there are unknown hazards of this material. They will endeavor, no matter what delivery method is chosen, to do as many borings as they possibly can to identify the appropriate means of managing ground water, the soil and air quality during construction. "Unknown" means that there are always unknowns when doing a project like this. Unfortunately, none of the three methods: Design-Build, DBOM or DBFOM, can adequately transfer that risk if it not known beforehand. That will remain a public risk, a CDOT risk, in any of those options. Again, he wanted to stress that CDOT has been at this for over ten years. It is not an easy project. It is not his favorite project. They are as close as they have ever been to having an idea that might solve the problem for everyone. They are spending in this \$1.2 billion an increment of over \$150 million to make this highway fit better into the neighborhoods by lowering it and adding a cover at Swansea Elementary School. He believes that they have demonstrated that they are taking this challenge very seriously, but they still have a ways to go. The environmental process is not over, and there is still a funding gap to fill. That is why what will happen at the February 19th Commission meeting is just one more step in this process. There is another year and half ahead of everyone.

Chairman Peterson thanked the entire Commission. He stated that he represents District 2, which is just to the West – Jefferson County, so he is a metro area commissioner. He has understood the importance of this project for a very, very long time and has been working in a collaborative method with the Denver Regional Council of Governments, the City and County of Denver, and with other partners in transportation in both the public and private sector. The decision that the Commission faces is not an easy one. It is a decision, however, that cannot be

dismissed because a decision to do nothing is in fact a decision of action. He stated that this Commission has demonstrated repeatedly that they set aside parochial interests and look at the overall impact of any project, this one or any other, to the entire transportation highway system for the state of Colorado. The I-70 Corridor is the coronary artery of transportation in the east-west direction, and the I-25 in the North-South direction. For commerce and people, it has a huge impact on the overall economic sustainability and viability of the state on many sectors. This is not an easy decision, and he has struggled, as have his fellow commissioners, with the best way to handle a delivery method that works well for the people of the state of Colorado that does not over-emphasize this project or take critical funds away from the rest of the state that then negatively impacts the system statewide. Looking at the two delivery methods between DBOM and DBFOM, he has been torn and wound up in circular arguments. One day he is looking in one direction, and the next it goes to the other. He thanked staff and the Executive Director for the incredibly hard work they have done over the past few weeks to consolidate and make these delivery methods more understandable to the Commission and hopefully more understandable to the public in general. He stated that Commission Reiff stated it very eloquently at the beginning of the session: this is not an easy decision, but it is a decision that the Commission will have to make. He stated that he hoped this month as the Commission convenes that they will continue to receive additional information and ask questions of staff and consultants. He is hopeful that the Commission will be able to take that next step. As Executive Director Hunt stated, this is not the final, definitive, absolute decision on this project. It just gets the Commission a little further down the road in making that decision. The question before the Commission this month and the question before this workshop is about which delivery method (Design-Build, DBOM, or DBFOM) the Commission prefers. For himself, he has received a lot of good information and a lot of input from the citizens, which he again thanked them for and assured the people that the Commission took those comments to heart. He said he could speak for the entire Commission in saying that there was not a single Commissioner who did not appreciate that they took the time out of their days to come before the Commission and comment on these issues. They are important to the Commission, and they weigh heavily in the decision-making process. Having said that, he is still "on the bubble" but leaning more towards the DBFOM, only because of the potential to transfer both long term and short term risk from the people of Colorado, realizing that there is never an organization that is too big to fail. That has to be included in the discussion as well. He will be ruminating over this decision before the Commission meeting. He will probably have more questions, and he is sure other Commissioners will as well. With that, he once again thanked everyone for their comments. He asked if there was anyone else who wanted to make any further comments.

Commissioner Gilliland stated that given what Commissioner Thiebaut mentioned about the difference between DBOM and DBFOM that the concern is whether or not CDOT still had oversight capabilities even though they would be shifting risk. She stated that she would like more information on that because that is key. Her assumption was that in shifting that risk that the Commission would still have the ability to qualify upfront what the project will look like and how it is going to be maintained and to what standards. She stated that she is thinking that it is where the emphasis is placed on what part of the project, whether it is before or during the

execution, that might make the DBOM more effective if they lose the oversight with the DBFOM. She wants the Commission to have a clearer understanding on that piece before a final decision is made.

Commissioner Reiff stated that in response to that question that he had an offline conversation with Scott Richrath. He stated that it would be helpful for Scott Richrath to be prepared to go through that to explain the same issue that Commissioner Gilliland has had. If the Commission could effectively have balance sheet risk by the concessionaire in DBOM, then there is a different answer. If it is not possible to effectively do that, then one starts to be driven to the DBFOM model. That analysis would be very helpful.

Adjournment

Chairman Peterson thanked all the Commissioners who had joined by telephone, thanked the public for attending and announced that the meeting was adjourned at 11:35a.m.



COLORADO
Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: March 19, 2015
TO: Transportation Commission
FROM: Barbara Gold, Audit Division Director
SUBJECT: Revised Policy Directive 4.0 "Audit Division Policy and Charter"

Purpose

To consolidate three governing audit-related documents into one by approving revised Policy Directive 4.0 "Audit Division Policy and Charter"

Action

Pass a resolution approving revised Policy Directive 4.0 "Audit Division Policy and Charter"

Background

Policy Directive 4.0 was updated at the suggestion of members of the Audit Review Committee, who determined that Policy Directive 4.0, Procedural Directive 4.1 and the current Audit Charter could be streamlined by consolidating them into one document. Commencing in December 2014, Commissioners Zink and Thiebaut oversaw and received input from the Office of the Attorney General and the Department on revisions to existing Policy Directive 4.0 which included terms from Procedural Directive 4.1 and the audit division charter. The Commissioners provided direction to staff on combining these documents into the revised Audit Division Policy and Charter.

Details

Revised Policy Directive 4.0 is intended to provide guidance on the roles and responsibilities of staff, outside vendors, senior management, the Executive Director, the ARC, and the Transportation Commission. It includes requirements pertaining to the annual audit work plan, the quality assurance and improvement program, and the submission of draft reports to the ARC. The Policy underwent many revisions always with a focus on simplifying the language and confirming that it was consistent with state law and nationally-accepted accounting standards.

The revised Policy Directive 4.0 reflects a change in the process of providing audit documentation to the Transportation Commission. The Commission will always receive an audit packet as part of its agenda, but the packet will be included the following month after it has been reviewed by the ARC. This guarantees that the ARC will always have an opportunity to review the packet prior to its inclusion in the Commission agenda. Also, with regard to audit reports, the ARC's first matter of business on its regular meeting agenda will be to make a motion on whether a report submitted to it for review is ready to be released. If the ARC votes to release a report, it will be included in the TC



agenda. The ARC may also vote to release the Report on a limited basis under relevant law and Professional Auditing Standards, or vote to not release the Report based on the need to address further questions.

This consolidated Policy:

- Emphasizes the independence of the audit division, See page 3, Sec. VII.;
- States that the ARC oversees the operations of the Audit Director, See page 4, Sec. VIII B. 2;
- States that the Executive Director conducts performance evaluations of the Audit Director and she reports administratively to him, See page 4, Sec. VIII B. 3;
- Requires the Audit Director to develop an annual risk-based audit work plan, See page 5, Sec. IX A, which the ARC reviews and approves, See page 6, Sec. IX C.;
- Contains requirements for Department staff, and contractors, subcontractors and vendors who are subjects of an audit; See page 4, 5, Sec. VIII. C, D and E.
- Contains the step-by-step review process for reports and provides guidance when a draft report retains its work product privilege and when it becomes a public document. See pages 6 and 7, Sec. X.

Key Benefits

This revised Policy Directive 4.0 consolidates three documents, is clearer, and provides transparency on the Department's internal audit processes.

Options and Recommendations

1. Approve updated Policy Directive 4.0 (staff recommendation on the basis that a consolidated and updated document will provide better guidance to the Department and others on the internal processes of the Audit Division;
2. Withhold approval until further discussion; or
3. Decline to approve revised Policy Directive 4.0 and keep existing Policy Directive 4.0 in effect.

Next Steps

Following the approval of revised Policy Directive 4.0, the Department will submit Procedural Directive 4.1 "Audit Division Standards and Procedures" to the Executive Director for repeal.

Attachments

Revised Policy Directive 4.0 "Audit Division Policy and Charter"



Current Policy Directive 4.0 "Audit Division Policy"

Current Procedural Directive 4.1 "Audit Division Standards and Procedures"

Current Audit Division Charter



Resolution No.

Approval of Policy Directive 4.0 “Audit Division Policy and Charter”

WHEREAS, § 43-1-106 (8)(a) C.R.S. gives authority to the Transportation Commission of Colorado (“Commission”) to formulate general policy with respect to the management, construction, and maintenance of public highways and other transportation systems in the state; and

WHEREAS, § 43-1-106 (12)(c) C.R.S., gives authority to the Audit Review Committee (ARC) comprised of members of the Commission to oversee the operations of the audit division; and

WHEREAS, Policy Directive 4.0 previously titled “Audit Division Policy” was adopted by the Transportation Commission on August 13, 2013; and

WHEREAS, since that date, members of the ARC and the Audit Division director concluded that the governing documents related to the Audit Division should be consolidated into one directive, including Procedural Directive 4.1 “Audit Division Standards and Procedures” dated August 27, 2013, and the Audit Division Charter; and

WHEREAS, Revised Policy Directive 4.0 adds value by setting forth internal audit procedures in one document and by providing guidance to the Commission, the ARC, the Department, vendors and contractors with regard to the audit division internal processes; and

WHEREAS, Revised Policy Directive 4.0 “Audit Division Policy and Charter” has been reviewed by the ARC and meets its expectations with regard to transparency and clarity of language.

NOW THEREFORE BE IT RESOLVED, the Commission herein approves Policy Directive 4.0 “Audit Division Policy and Charter.”

Transportation Secretary

Date

COLORADO DEPARTMENT OF TRANSPORTATION		<input checked="" type="checkbox"/> POLICY DIRECTIVE <input type="checkbox"/> PROCEDURAL DIRECTIVE	
Subject			Number
Audit Division Policy and Charter			4.0
Effective	Supersedes	Originating Office	
	8.27.13	Audit Division	

I. PURPOSE AND INTRODUCTION

Pursuant to § 43-1-106 (12)(e), C.R.S., it is the intent of the general assembly to shift reporting of, supervision of, and control of the Department’s internal auditor to the Transportation Commission. Pursuant to § 43-1-106 (12)(c), C.R.S., the Commission shall establish an Audit Review Committee from the Commission membership which shall oversee the operations of the Audit Director and his or her staff.

II. ROLE

Given the above statutory provisions, it is the policy of the Transportation Commission to establish and support an internal auditing division as an independent appraisal function to examine and evaluate agency activities, and to conduct external audits of contractors, subcontractors and vendors as provided herein, as a service to management, the Audit Review Committee, and the Transportation Commission. It is the policy of the Transportation Commission to establish procedures for the Colorado Department of Transportation in accordance with applicable nationally-accepted auditing standards.

III. PROFESSIONALISM

Internal auditing is an independent and objective assurance and consulting activity guided by a philosophy of adding value to improve the operations of the Colorado Department of Transportation. It assists the Department in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal controls. The Audit Division governs itself by adherence to the Government Accountability Office’s guidance of Generally Accepted Government Auditing Standards (GAGAS). This guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance. In addition, the Audit Division’s activity adheres to CDOT relevant policies and procedures and the Audit Division’s audit manual.

IV. AUTHORITY

Transportation Commission, Audit Review Committee, § 43-1-106(12)(c), C.R.S.

2 CFR 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87) http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl

GAGAS (Government Auditing Standards, 2011 Revision, as amended)
<http://www.gao.gov/assets/590/587281.pdf>

AASHTO Subcommittee on Internal/External Audit 2012 Uniform Audit & Accounting Guide
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl

IIA (Institute of Internal Auditors, 2013 Edition, as amended)
<https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>

ISACA (Information Systems Audit and Control Association) IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals
<http://www.isaca.org/Journal/Past-Issues/2014/Volume-6/Pages/Standards-Guidelines-Tools-and-Techniques.aspx>

§ 43-1-106(8)(a) and (o), and (12)(a) through (e), C.R.S.

§ 24-103-601(2), C.R.S.

§ 24-72-202, C.R.S.

V. APPLICABILITY

This Policy Directive and Charter applies to all divisions, regions, offices and branches of CDOT and the employees of the Office of Information and Technology as it relates to CDOT. It also applies to consultants contracting with CDOT as well as vendors performing work for CDOT.

VI. DEFINITIONS

“Audit Director” shall mean the internal auditor as set forth in § 43-1-106(8)(o) and 12(a) through (e), C.R.S.

“Audit Review Committee” shall mean the committee established from Transportation Commission membership pursuant to § 43-1-106(12)(c), C.R.S. which oversees the operations of the Audit Director and his or her staff.

“Auditee” shall mean a division, region, office, or branch of CDOT, or a contractor, consultant or vendor performing work for CDOT on which an audit is being performed.

“Final Report” shall mean any final version of a fiscal or performance audit report, together with the final version of any supporting material attached thereto.

“Report” shall mean the report resulting from audit work generated by the CDOT Audit Division on an entity, including but not limited to those enumerated in § 43-1-106(12)(b), including internal audits of the Department, external audits of persons entering into contracts with the Department, as deemed necessary or advisable by the Commission, such federally

required audits as are delegated to the Commission or the Department to perform, financial audits, and performance audits.

“Third Party Audit” shall mean an audit conducted by an outside party, for example, the Office of the State Auditor, on Department activities.

“Transportation Commission” or “Commission” shall mean the Transportation Commission created pursuant to § 43-1-106, C.R.S.

“Work Product” for purposes of this Directive shall mean the draft version of any document that is not yet in a final version of a fiscal or performance audit report the purpose of which is to report the results of an audit performed to investigate, track, or account for the operation or management of a public entity or the expenditure of public money, together with the draft version of any supporting material attached to such draft report. Work Product also includes underlying analyses, work papers, notes, or compilations of evidence related to or supporting an audit.

VII. INDEPENDENCE AND OBJECTIVITY

A. In all matters related to audit work, the Audit Director and audit division must be independent, in both mind and appearance, and must not compromise professional judgment. Independence in appearance means the absence of circumstances that would cause a reasonable and informed third party, having knowledge of the relevant information, to reasonably conclude that the integrity, objectivity, or professional skepticism of an audit organization or member of the audit team had been compromised. *See* GAO-12-331G.

B. The Audit Director shall be governed by the general auditing standards as set forth above, and shall adhere to relevant law, rules and regulations, and policies or procedures adopted by the Audit Review Committee and the Transportation Commission.

C. The Audit Director shall be sufficiently removed from political pressures to conduct audits and report findings, opinions, and conclusions objectively without fear of political reprisal. *See* GAGAS, 3.31e.

D. The Audit Director and audit division shall have no direct operational responsibility or authority over any of the activities audited. Accordingly, he or she shall not implement internal controls, install systems, prepare records, or engage in any other activity that may impair his or her judgment.

E. The Audit Director and audit division shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors shall make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

F. In carrying out its duties and responsibilities, the audit division shall have full, free, and

unrestricted access to all CDOT activities, records, property, and personnel.

VIII. ORGANIZATION AND RESPONSIBILITIES

A. Transportation Commission and Audit Review Committee

1. Pursuant to § 43-1-106(12)(c), C.R.S., the Commission shall establish an Audit Review Committee from the Commission membership which shall oversee the operations of the internal auditor (Audit Director) and his or her staff.
2. The Audit Review Committee shall review and recommend approval of the Policy Directive and Charter to the Commission.

B. Audit Director

1. The Executive Director shall appoint the Audit Director, who shall have the status of a Division Director. Prior to the appointment, the Executive Director shall give presumptive consideration to the recommendation of the Transportation Commission. See § 43-1-106(12)(a), C.R.S.
2. The Audit Director shall report directly to the Audit Review Committee, which supervises and oversees the operations of the division with the exception of 3 below.
3. The Audit Director reports administratively to the Executive Director. The Executive Director, with the input from the Audit Review Committee, shall conduct performance evaluations and other personnel matters related to the Audit Director.
4. The Audit Director shall provide updates to management on the status of the Audit Division's activities.
5. The Audit Director shall be the main point of contact and liaison for the audit division regarding Colorado Open Records Act and Freedom of Information Act requests pursuant to Procedural Directive 25.1. At the discretion of the Audit Director, he or she may share CORA and FOIA requests and responses with the Audit Review Committee Chairman prior to fulfilling the request.

C. Department Responsiveness

1. CDOT management, directors and managers are responsible for taking appropriate and timely action to respond to requests from the audit division and resolve the issues identified in the audit.
2. The Auditee shall be given ten calendar days to prepare written responses to the audit recommendations contained in Reports.

D. Responsibilities Regarding Third Party Audits

1. The Audit Director, or his or her designee, shall be the main point of contact and liaison for all third-party audits on behalf of CDOT regarding any recommendations and findings.
2. CDOT senior management, managers or personnel shall notify the Audit Director or his or her designee immediately upon receipt of notice whenever outside or third party auditors notify CDOT of an audit of CDOT operations.
3. CDOT senior management, managers or personnel shall inform the Audit Director immediately when they become aware of fraud or financial improprieties involving CDOT, a CDOT employee, a vendor, a contractor, a local entity or anyone receiving funding or payment from CDOT.

E. Contractors, Subcontractors and Vendors

1. Pursuant to § 24-103-601(2), C.R.S., the Audit Division shall be entitled to audit the books and records of any contractor or subcontractor under any negotiated contract or subcontract to the extent that the books and records are related to the performance of a state contract or subcontract. In conducting any such audit, confidentiality shall be maintained of any information contained in the books and records that is deemed proprietary as determined by the state.
2. Such books and records shall be maintained by the contractor for a period of three (3) years after the date of final payment under the contract or subcontract, unless a shorter period is otherwise authorized in writing.

IX. ANNUAL AUDIT WORK PLAN

- A. The Audit Director shall annually develop a risk-based audit work plan.
- B. The audit work plan shall consider but not be limited to:
 1. Those areas determined to be high risk by the Audit Director;
 2. Requests from the Audit Review Committee, the Executive Director, or senior management to conduct special projects or investigations, or provide advisory memoranda;
 3. Special projects or investigations as a result of information from the Employee Hotline, <http://www.mysafeworkplace.com>; and
 4. Operational and financial audits identified by the Audit Director as appropriate to maintain reasonable periodic review.
- C. The Audit Review Committee shall review and approve the annual work plan and any

revisions.

D. The Audit Director shall provide a status update on the annual work plan to the Audit Review Committee at every regular meeting of the Committee.

X. REPORTING AND MONITORING

A. The Audit Director shall keep the Audit Review Committee informed of audits requested by the Executive Director and senior management.

B. Review of Audit Reports

1. After completing a draft audit Report, the Audit Director shall provide the draft to the Auditee for review and comment.
2. After receiving input from the Auditee, the Audit Director may make any changes deemed necessary to the draft Report and provide a copy to the Executive Director and appropriate members of senior management.
3. The Audit Director, after making any necessary changes, shall provide the draft Report to the Audit Review Committee members in a packet separate from the materials provided to the Transportation Commission.
4. It is the intent of this Policy Directive and Charter to afford the Audit Review Committee members an opportunity to review the audit material packet and to individually ask questions of the Audit Director about the draft Report. The Audit Review Committee's review shall adhere to the requirements of § 24-6-401, *et seq.*, C.R.S.
5. The Audit Review Committee, at its next meeting, may:
 - a) Vote to release the Report without the need for discussion.
 - b) Vote to release the Report and thereafter discuss it at the Audit Review Committee meeting.
 - c) Vote to release the Report on a limited basis subject to confidentiality pursuant to relevant law and to the GAGAS Standards and in consultation with the Office of the Attorney General. If released on a limited basis, the Report shall be provided to the Transportation Commission members and others the Audit Review Committee deems appropriate.
 - d) Vote to not release the Report without discussion based on the need to address further questions, subsequent events or gather further factual information, and refer the Report back to the Audit Director for any action deemed appropriate.

6. Following the Audit Review Committee's release of the Report, the Audit Director finalizes the Report by his or her signature, and it is deemed a Final Report as that term is defined herein.

7. The Final Report shall then be provided to the Transportation Commission members. It is also made available to the general public unless released on a limited basis.

XI. Quality Assurance and Improvement Program

A. The audit division, under the leadership of the Audit Director, shall establish and maintain a system of quality control that is designed to provide the audit division with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements.

B. The audit division, under the leadership of the Audit Director, shall have an external peer review performed by reviewers independent of the audit division being reviewed at least once every 3 years.

C. The audit division, under the leadership of the Audit Director, shall document its quality control procedures and communicate them to its personnel. The audit division shall document compliance with its quality control procedures and maintain such documentation for a period of time sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent of the audit organization's compliance with its quality control procedures.

D. The audit division, under the leadership of the Audit Director, shall establish procedures in its system of quality control in conformance with the GAGAS Standards.

XII. DOCUMENTS REFERENCED IN THIS POLICY DIRECTIVE AND CHARTER

The Audit Division Manual

XIII. IMPLEMENTATION PLAN

A. This Policy Directive and Charter shall be effective immediately upon signature.

B. The Originating Office shall confirm within one week of the effective date that all employees in the audit division have received a copy of the Policy Directive and Charter.

C. The Originating Office shall provide a copy of this Policy Directive and Charter to all Auditees along with the Notice of Engagement.

XIV. Review Date

This Policy Directive and Charter shall be reviewed on or before May 2020.

Transportation Commission Secretary

Effective Date

I. Audit Division Charter

INTRODUCTION:

Internal auditing is an independent and objective assurance and consulting activity guided by a philosophy of adding value to improve the operations of the Colorado Department of Transportation (CDOT). It assists CDOT in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal controls.

ROLE:

The Audit Division is an independent appraisal function within CDOT that examines and evaluates agency activities as a service to management, the Audit Review Committee (ARC), and the Transportation Commission (TC).

PROFESSIONALISM:

The Audit Division governs itself by adherence to the Government Accountability Office's guidance of Generally Accepted Government Auditing Standards (GAGAS). This guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

In addition, the Audit Division's activity adheres to CDOT relevant policies and procedures and the Audit Division's audit manual.

AUTHORITY:

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of CDOT records, physical properties, and personnel pertinent to carrying out any engagement. The internal audit activity will also have free and unrestricted access to the ARC.

All Appointing Authorities are responsible for notifying the Audit Division of external audits as soon as notification is received. The Audit Director, or his or her designee, shall be the designated representative on behalf of CDOT concerning external audit engagements and the resulting, if any, written recommendations from all external auditors performing audits on CDOT operations.

ORGANIZATION:

Pursuant to § 43-1-106(12)(e), C.R.S., it is the intent of the General Assembly to shift reporting of, supervision of, and control of the Department's internal auditor to the Commission.

Pursuant to § 43-1-106(12)(c), C.R.S., the Commission shall establish an audit review committee from the Commission membership which shall oversee the operations of the internal auditor and his or her staff.

The Director of the Audit Division will report audit operations to the ARC and administratively (i.e. day to day operations) to the Executive Director.

The ARC will:

- Approve the Audit Division Charter.
- Approve the risk based audit plan.
- Receive communications from the Director of the Audit Division on the internal audit activity's performance relative to its plan and other matters.
- Make appropriate inquiries of management and the Director of the Audit Division to determine whether there is inappropriate scope or resource limitations.

The TC will:

- Provide recommendations to the Executive Director on the appointment and removal of the Director of the Audit Division.

The Director of the Audit Division will communicate and interact directly with the ARC, including in executive sessions when warranted and between ARC meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY:

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Director of the Audit Division will confirm to the ARC, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

1. Review Division and Work Unit functions within the Department at appropriate intervals to determine whether they are efficiently and effectively carrying out their functions of planning, organizing, directing, and controlling in accordance with management instructions, policies, and procedures, and in a manner that is in agreement with both department objectives and high standards of administrative practice.
2. Determine the adequacy and effectiveness of the Department's systems of internal accounting and operating controls.
3. Evaluate risk exposure related to achievement of the organization's strategic objectives.
4. Monitor and evaluate governance processes.
5. Monitor and evaluate the effectiveness of the organization's risk management processes.
6. Perform consulting and advisory services related to governance, risk management and control as appropriate for the organization without assuming management responsibility.
7. Review the reliability and integrity of financial information and the means used to identify, measure, classify, and report such information.
8. Review the established systems to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and determine whether the organization is in compliance. Suggest policy where appropriate.
9. Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
10. Evaluate the effectiveness and efficiency with which resources are employed, identify opportunities to improve operating performance, and recommend solutions to problems where appropriate.
11. Review operations and programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
12. Coordinate audit efforts with those of auditors outside of the Department as required.

13. Analyze major computer-based systems to determine whether:
 - a. Adequate controls are incorporated in the systems;
 - b. Thorough system testing is performed at appropriate stages;
 - c. System documentation is complete and accurate; and
 - d. The needs of user organizations are met.
14. Review compliance with State and the Department guidelines for ethical conduct and see that the highest standards of personal and government performance are met.
15. Report periodically to the ARC and senior management on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
16. Report to the ARC and senior management significant risk exposures and control issues, including fraud risks, governance issues, audit findings and recommendations and other matters needed or requested by the ARC or senior management.
17. Provide investigative services for the Transportation Commission or CDOT management related to allegations of fraud, waste, abuse, or employee misconduct.
18. Perform External audits on persons/firms entering into contracts with CDOT, as deemed necessary or advisable by the commission.
19. Perform post audits of contracts for completed work as deemed appropriate.
20. Provide audit services in support of requirements external to CDOT as approved by CDOT management or the Transportation Commission.
21. Conduct audits directed and deemed necessary by the executive director.

AUDIT PLAN:

At least annually, the Director of the Audit Division will submit to senior management and the ARC an audit plan for review and approval. The audit plan will consist of a work schedule as well as budget and resource requirements for the next performance year. The Director of the Audit Division will communicate the impact of resource limitations and significant interim changes to senior management and the ARC.

The audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management, the Federal Highway Administration, and the ARC. The Director of the Audit Division will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved audit plan will be communicated to senior management and the ARC through periodic

activity reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Director of the Audit Division or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the ARC.

The internal audit report will include management’s response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management’s response will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action recommended that will not be implemented. Auditors will evaluate any plans or actions taken to correct reported conditions for satisfactory disposition of audit findings. If the corrective action is considered unsatisfactory, further discussions will be held to achieve acceptable disposition.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All findings will remain open until implemented or otherwise resolved.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity’s conformance with GAGAS. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Director of the Audit Division will communicate to senior management and the ARC on the internal audit activity’s quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least once every three years.

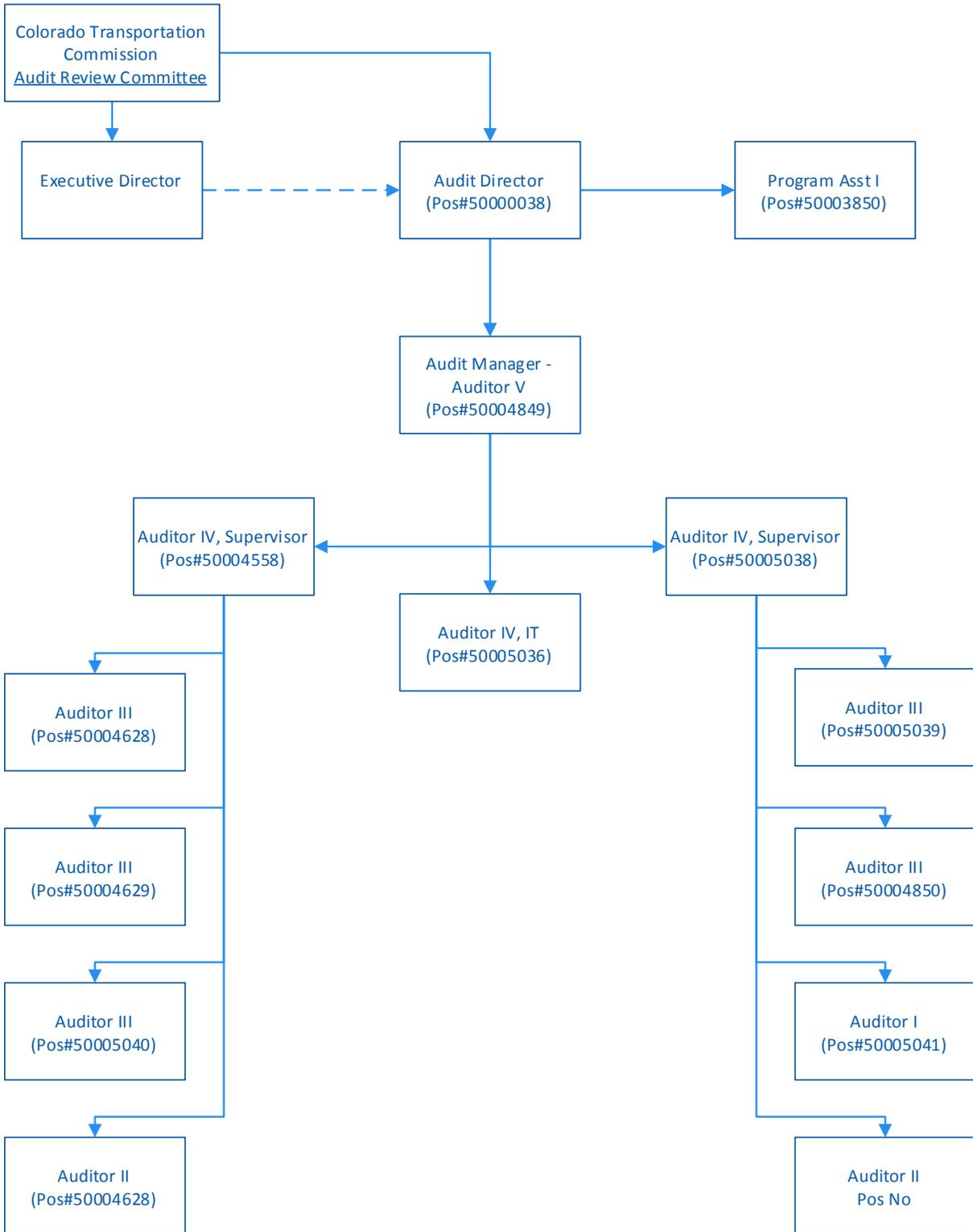
Approved _____ Date _____

Gary Reiff
Audit Review Committee Chairman

_____ Date _____

Barbara J. Gold
Audit Division Director

Appendix II. Audit Division Organization Chart



COLORADO DEPARTMENT OF TRANSPORTATION		<input checked="" type="checkbox"/> POLICY DIRECTIVE <input type="checkbox"/> PROCEDURAL DIRECTIVE	
Subject Audit Division Policy			Number 4.0
Effective 8.27.13	Supersedes 10/04/2007	Originating Office Audit Division	

I. PURPOSE

It is the policy of the Colorado Department of Transportation to establish and support an internal auditing division as an independent appraisal function to examine and evaluate agency activities as a service to management, the Audit Review Committee, and the Transportation Commission.

Pursuant to § 43-1-106 (12)(e), C.R.S., it is the intent of the general assembly to shift reporting of, supervision of, and control of the Department's internal auditor to the Transportation Commission.

Pursuant to § 43-1-106 (12)(c), C.R.S., the Commission shall establish an audit review committee from the Commission membership which shall oversee the operations of the internal auditor and his or her staff.

II. AUTHORITY

Transportation Commission, Audit Review Committee, § 43-1-106(12)(c) and (e), C.R.S.

2 CFR 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87)

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl

GAGAS (Government Auditing Standards, 2011 Revision)

<http://www.gao.gov/assets/590/587281.pdf>

AASHTO Subcommittee on Internal/External Audit 2012 Uniform Audit & Accounting Guide

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl

§ 43-1-106(8)(o) and (12)(a) through (e), C.R.S.

§ 24-103-601(2), C.R.S.

The Audit Division Charter

<http://internal.dot.state.co.us/Audit/Background/Authority/charter.asp>

III. APPLICABILITY

This Policy Directive applies to all divisions, regions, offices and branches of CDOT and the employees of the Office of Information and Technology, where applicable. It also applies to consultants contracting with CDOT as well as vendors performing work for CDOT.

IV. POLICY

A. The Audit Division exists to provide the Transportation Commission (Commission) and CDOT executive management with independent information on CDOT operations. The Audit Review Committee (ARC) of the Transportation Commission approves the Charter for the Audit Division, which outlines the Division's duties and responsibilities.

B. The director of the Audit Division reports directly to the ARC of the Transportation Commission, which supervises and oversees the operations of the Division. The Audit Division reports administratively to executive management and functionally to the ARC as an independent appraisal function to examine and evaluate agency activities.

C. The Audit Division provides CDOT executive management assurance that controls are operating effectively and efficiently. The Audit Division conducts and supervises: internal audits on the Department; external audits on persons or entities entering into contracts with the Department; federally required audits; financial audits in order to ensure the financial integrity of the Department, and performance audits to determine the efficiency and effectiveness of the operations of the Department.

D. In carrying out duties and responsibilities, the Audit Division shall have full, free, and unrestricted access to all agency activities, records, property, and personnel.

E. All Appointing Authorities are responsible for notifying the Audit Division of external audits as soon as notification is received. The Audit Director, or his or her designee, shall be the designated representative on behalf of CDOT concerning Qualifying Services resulting in written recommendations to all external auditors performing audits on CDOT operations.

F. The CDOT executive management is responsible for taking appropriate and timely action to respond to the issues identified in the audit reports.

G. Audit reports and all related documents, including work product and investigations, shall remain confidential and shall not be released to a third party absent express approval by the Audit Director.

V. IMPLEMENTATION PLAN

A. This Policy Directive shall be effective immediately upon signature.

B. The Originating Office shall confirm within one week of the effective date that all employees in the Audit Division have received a copy of the Policy Directive.

C. The Originating Office will provide a copy of this Policy Directive to all Auditees along with the Notice of Engagement.

VI. REVIEW DATE

This Policy shall be reviewed on or before May 2018.

Herman J. Stockings III
Secretary, Transportation Commission

8-27-13
Effective Date

COLORADO DEPARTMENT OF TRANSPORTATION		<input type="checkbox"/> POLICY DIRECTIVE <input checked="" type="checkbox"/> PROCEDURAL DIRECTIVE
Subject Audit Division Standards and Procedures		Number 4.1
Effective 8.13.13	Supersedes 10/04/2007	Originating Office Audit Division

I. Purpose

To establish and support an internal auditing division as an independent appraisal function to examine and evaluate agency activities as a service to management, the Audit Review Committee, and the Transportation Commission. To establish procedures for the Colorado Department of Transportation in accordance with applicable nationally-accepted auditing standards and the Audit Division Charter.

II. Authority

Transportation Commission, Audit Review Committee, § 43-1-106(12)(c), C.R.S.

Executive Director, § 43-1-103, C.R.S.

2 CFR 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87)
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl

GAGAS (Government Auditing Standards, 2011 Revision)
<http://www.gao.gov/assets/590/587281.pdf>

AASHTO Subcommittee on Internal/External Audit 2012 Uniform Audit & Accounting Guide
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl

§ 43-1-106(8)(a) and (o), and (12)(a) through (e), C.R.S.

§ 24-103-601(2), C.R.S.

CDOT Policy Directive 4.0 “Audit Division Policy”

The Audit Division Charter <http://internal.dot.state.co.us/Audit/Background/Authority/charter.asp>

III. Applicability

This Procedural Directive applies to all divisions, regions, offices and branches of CDOT and the employees of the Office of Information and Technology where applicable. It also applies to consultants contracting with CDOT as well vendors performing work for CDOT.

IV. Definitions

“Audit Review Committee” or “ARC” shall mean the committee established from Transportation Commission membership pursuant to § 43-1-106(12)(c), C.R.S. which oversees the operations of the internal auditor and his staff.

“Auditee” shall mean a division, region, office, or branch of CDOT, or a contractor, consultant or vendor performing work for CDOT on which an audit is being performed.

“External Audit Report” shall mean a report resulting from an audit generated by the CDOT Audit Division on an entity, including but not limited to a consultant, a contractor, a subcontractor or vendor under a contract or subcontract with CDOT .

“Internal Audit Report” shall mean an audit generated by the CDOT Audit Division on CDOT activities, including audits required by state or federal law, performance audits or financial audits.

“Qualifying Services” shall include all audits, assessments, or special studies by parties external to the Department that will result in written recommendations that the Department is expected to implement.

“Third Party Audit Report” shall mean an audit conducted by an outside party on CDOT activities.

V. Procedure

A. General Requirements

1. Standards and Procedures

a) Audits performed by the Audit Division shall be conducted in conformance with the standards set forth in the *Government Auditing Standards* (2011 Revision).

<http://www.gao.gov/assets/590/587281.pdf>

b) Other work performed by the Audit Division shall be conducted in accordance with the applicable professional standards for the type of work performed in accordance with the authority set forth above and other applicable state and federal law.

c) The Audit Division shall perform all audits in accordance with the Charter and CDOT Audit Manual.

2. Annual Work Plans and Audit Assignments

a) The Audit Division shall annually develop a risk-based audit work plan.

b) The ARC shall approve the annual work plan for the Audit Division.

c) The Audit Director, or his or her designee, shall prepare audit assignments from the approved work plan or from specific audit requests from the Executive Director, management, or from the ARC.

d) The Audit Director shall provide a status update to ARC at every meeting.

e) The Audit Director shall keep the ARC informed of audits requested by the Executive Director

executive management or his designee.

3. Internal Audit Reports

a) Internal Audit Reports shall:

- (1) Include the Auditee's written responses and plans for implementing the recommendations;
- (2) Contain findings and any necessary recommendations from the audit work performed;
and
- (3) Be submitted to the ARC for review, consideration and action.

b) The ARC may:

- (1) Refer the report back to the Audit Director for any action deemed appropriate;
- (2) Refer the report to the Transportation Commission for consideration and action; or
- (3) Approve the report for release.

c) Following approval by the ARC, the Audit Division shall provide a copy of the Internal Audit Report to the Executive Director, other CDOT management as appropriate, and to the Federal Highway Authority.

4. External Reports

a) External Audit Reports or Financial Audit Reports on contracts with private vendors, consultants or contractors, contain advice on contract issues, such as payments made to private vendors. These reports include a determination of contract and regulatory compliance, and a determination on payment accuracy.

b) Copies will be provided to the Auditee, to the FHWA, the CDOT Controller and other CDOT management as necessary. The ARC and the Executive Director shall receive an executive summary of all external or financial audit reports, and may request any additional documentation.

5. Other Reports

a) The ARC, the Executive Director, or executive management may request the Audit Division to conduct special projects or investigations, or provide advisory memoranda.

b) Audit Division staff may conduct special projects or investigations as a result of requests from information provided from the Employee Hotline, <http://www.mysafeworkplace.com/>.

c) The Audit Director shall provide the ARC and the Executive Director regular status reports on

the types and results of these projects or investigations.

6. Confidentiality and Release of Reports

- a) The Audit Director shall make the determination on behalf of CDOT when necessary as to the confidentiality of audit reports or other related documentation. The Audit Director or his or her designee shall handle all audit-related Colorado Open Records Act (“CORA”) requests for audit reports or any other documentation.
- b) Audit Division personnel shall maintain confidentiality regarding all matters under investigation or review until such time as a report is released and made public.
- c) Audit Reports. Audit Reports and all related documentation, including drafts, correspondence, work product, or other papers shall be confidential. Upon signature by the Audit Director, the Internal Audit Report shall be considered a public document.
- d) Other Special Reports. Other special reports, including investigations requested by the Executive Director, the ARC, or arising from information obtained from the “Employee Hotline” <http://www.mysafeworkplace.com/>, shall be considered confidential. Release of these reports will be at the discretion of the Audit Director and/or the ARC.

7. Retention of Records. All Reports shall be retained by the Audit Division as permanent files and shall be marked as confidential. All related documentation, including drafts, correspondence, work product, or other papers shall be retained pursuant to the established and approved retention schedule.

B. Roles and Responsibilities

1. Audit Director and Audit Division Personnel

- a) The Audit Director shall report directly to the ARC which oversees the operations of the Division.
- b) The Executive Director appoints the Audit Director pursuant to section 13 of article XII of the state constitution and shall give presumptive consideration to the recommendation of the ARC. *See* § 43-1-106(12)(a), C.R.S.
- c) The Audit Director will ensure that:
 - (1) The Audit Division adheres to generally accepted and recognized audit standards.
 - (2) Assignments are selected through a risk-based analysis supplemented by requests from the ARC, the Executive Director, and CDOT executive management.
 - (3) The results of the audits, the findings, opinions, conclusions, and recommendations are reported to the ARC, the Executive Director and other CDOT

management as appropriate.

d) In carrying out their duties and responsibilities, Audit Division personnel are to have full, free, and reasonable access to all CDOT activities, records, property, and personnel.

2. CDOT Executive Management, CDOT Personnel and OIT Personnel, Where Applicable

a) All CDOT management, directors and managers are responsible for taking appropriate and timely action to respond to requests from the Audit Division and resolve the issues identified in the audit reports.

b) The Auditee shall be given ten calendar days to prepare written responses to the audit recommendations.

c) The Audit Director or his or her designee shall be the main point of contact for all Qualifying Services concerning CDOT's recommendations and comments and handle all internal requests for audit reports.

3. Responsibilities Regarding Third Party Audits

a) The Audit Director, or his or her designee shall be the main point of contact and liaison for all Qualifying Services on behalf of CDOT regarding any recommendations and findings.

b) CDOT executive management, managers or personnel shall notify the Audit Director or his or her designee immediately upon receipt of notice whenever outside or third party auditors notify CDOT of an audit of CDOT operations.

c) CDOT executive management, managers or personnel shall inform the Audit Director immediately when they become aware of fraud or financial improprieties involving CDOT, a CDOT employee, a vendor, a contractor, a local entity or anyone receiving funding or payment from CDOT.

4. Contractors, Subcontractors and Vendors

a) Pursuant to § 24-103-601(2), C.R.S., the Audit Division shall be entitled to audit the books and records of any contractor or subcontractor under any negotiated contract or subcontract to the extent that the books and records related to the performance of a state contract or subcontract, in conducting any such audit, to maintain the confidentiality of any information contained in the books and records that is deemed proprietary as determined by the state. Such books and records shall be maintained by the contractor for a period of three (3) years after the date of final payment under the contract or subcontract, unless a shorter period is otherwise authorized in writing.

VI. Documents Referenced in this Procedural Directive

The Audit Division Charter <http://internal.dot.state.co.us/Audit/Background/Authority/charter.asp>

VII. Implementation Plan

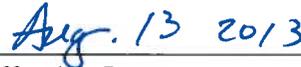
1. This Procedural Directive will be effective immediately upon signature.
2. The Originating Office shall confirm within one week of the effective date that all employees in the Audit Division have received a copy of the Procedural Directive.
3. The Originating Office will provide a copy of this Procedural Directive to all Auditees along with the Notice of Engagement.

VIII. Review Date

This procedural directive shall be reviewed on or before May, 2018.



Executive Director



Effective Date



COLORADO

Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: March 19, 2015
TO: Transportation Commission
FROM: Heidi Humphreys, Herman Stockinger, Joshua Laipply
SUBJECT: Approval of Revised Policy Directive 1300.0 and Repeal of Policy Directives 1303.0, 1307.0, 1612.0 and 1003.0

Purpose

To meet internal audit findings and reduce the number of Policy Directives by revising Policy Directive 1300.0 "Disposal of Excess Department Property and Annexation" and repealing Policy Directives: 1303.0 "Annexation of Department Property"; 1307.0 "Property Leases"; 1612.0 "State Highway Relocation Policy", and 1003.0 "Maintenance Incentive Pilot Program."

Action

Pass a resolution to approve updated Policy Directives 1300.0 "Disposal of Excess Department Property and Annexation and repeal Policy Directives: 1303.0 "Annexation of Department Property"; 1307.0 "Property Leases"; 1612.0 "State Highway Relocation Policy", and 1003.0 "Maintenance Incentive Pilot Program."

Background

The CDOT Audit Division conducted a review of the Department's Policy and Procedural Directives related to the Office of Property Management. In its report dated March 26, 2014, the Division found that while the Right-of-Way ("ROW") Manual was updated within five years as required by FHWA, the 1300 series of Policies and Procedural Directives were out of date. Over the last ten months, the Property Management Office, working with the Office of Policy & Government Relations, the Right-of-Way Office and the Chief Engineer, determined that one Policy Directive was sufficient to provide high-level guidance on the Department's processes regarding the disposition of excess land, including actions in abandonment, disposal, exchange, relinquishment, devolution, remainders, vacation, including the annexation of Department property for non-active projects. The Department's team reviewed all existing policy and procedural directives on related topics and included them in this analysis.

The Property Management Office has updated Chapter 7 of the ROW Manual and provided detailed instructions on these issues. See attached Work Flow spreadsheet, which includes page numbers and legal citations for each specific topic. The FHWA provides a level of oversight regarding the manual, in that under federal law the manual must be updated and approved by the FHWA at least every five years.

Details



The review of these Policy Directives afforded an opportunity for other beneficial changes to the Department's ROW processes unrelated to the audit, summarized below.

Local Government Improvement: Current Policy Directive 1303.0, "Annexation of Department Property" states in part:

". . . it is generally the policy of the Department not to execute annexation petitions prepared by municipalities or private parties. Annexation of Department owned property, sought by entities other than the Department, will be accomplished by means other than annexation petition. . ."

This language sometimes resulted in costly and unnecessary annexation elections by local governments. As a result, language has been included in Chapter 7 of the ROW Manual to state that when all impacted parties agree to the annexation, the Department may execute the annexation petition. The language in the Manual provides: "When all impacted governmental jurisdictions and property owners indicate support of the annexation, via resolution or signed statement, respectively, the Department may execute an annexation petition." This collaborative approach was approved by the Office of the Attorney General. It in no way requires the Department to execute an annexation petition.

Excess Property Appeal Process

Current Policy Directive 1303.0 "Disposition of Excess Land" and Procedural Directive 1303.1 "Disposal of Excess Property," both related to the disposal of excess property, did not have an appeal process in place for prospective purchasers of excess Department property. This frequently resulted in requests to the Executive Director or Governor to get involved in the Department's disposal process and valuation of excess Department property. The ROW Manual now affords the prospective purchaser an opportunity to appeal to the Chief Engineer. Chapter 7 of the ROW Manual now states:

All property disposals shall be negotiated jointly by Property Management and Region ROW Staff. If an entity/individual attempting to acquire a parcel of property from CDOT desires to dispute the disposal process or Fair Market Value determination, it/they may request a review of the facts by CDOT Management. The first review will be conducted by the Region ROW Manager. If the ROW Manager does not negotiate a successful sale, the review request can be elevated to the Region Transportation Director. The final request for review can be submitted to CDOT's Chief Engineer. If a successful sale is not negotiated during this process, the parcel will be kept on CDOT's inventory to be sold at a later time.

Benefits from Maintenance Incentive Pilot Program

While Policy Directive 1003.0 established a pilot program in 2008 that is no longer in effect, the methodology developed in the pilot program continues to provide value, and has been integrated into the Department's practices specifically with regard to RAMP projects.

Key Benefits



First, revising Policy Directive 1300.0 and repealing PD 1303.0, PD 1307.0, PD 1612.0 and 1003.0 will be instrumental in satisfying the findings of an internal audit dated March 26, 2014 related to Property Management's Right of Way (ROW) Lease and Disposal program.

Second, the Department continues to review Policies and Procedural Directives, eliminating those that are no longer necessary, and updating those believed to benefit the Department. By consolidating three Policy Directives into one, clearer instruction will be provided to the Department by directing it to follow Chapter 7 of the Right-of-Way Manual.

Options and Recommendations

1. Approve revised Policy Directive 1300.0 and repeal Policy Directives 1303.0, 1307.0, 1612.0 and 1003.0 (staff recommendation, which will consolidate 5 policy directives into one and provide clearer guidance);
2. Table the decision to approve revised Policy Directive 1300.0 and repeal Policy Directives 1303.0, 1307.0, 1612.0 and 1003.0 and request additional information and/or make recommendations to staff on improved or clarified language;
3. Deny the request to approve revised Policy Directive 1300.0 and deny the request to repeal Policy Directives 1303.0, 1307.0, 1612.0 and 1003.0 and vote to either retain the existing Policy Directives or recommend a different approach to consolidation.

Next Steps

The Department will request that the Executive Director repeal related Procedural Directives once the Commission has repealed the requested Policy Directives.

Attachments

1. Revised Policy Directive 1300.0 "Disposal of Excess Department Property and Annexation"
2. Current Policy Directive 1300.0 "Disposition of Excess Land (which will be replaced by revised Policy Directive 1300.0):
3. Given their length, the following Policy Directives are available for review upon request:
 - PD 1303.0 "Annexation of Department Property";
 - PD 1307.0 "Property Leases";
 - PD 1612.0 "State Highway Relocation Policy", and
 - PD 1003.0 "Maintenance Incentive Pilot Program."



4. Work Flow Spreadsheet which provides guidance on the location of each topic in the ROW Manual
5. Revised Chapter 7 of the Right-of-Way Manual (given its length, it is available for review upon request)
6. Resolution



COLORADO DEPARTMENT OF TRANSPORTATION		<input checked="" type="checkbox"/> POLICY DIRECTIVE <input type="checkbox"/> PROCEDURAL DIRECTIVE
Subject Disposal of Excess Department Property and Annexation		Number 1300.0
Effective	Supersedes 1300.0: 09.17.96 1303.0: 04.16.98 1003.0: 5.14.08 1307.0: 10.16.97 1612.0: 06.18.81	Originating Offices Division of Administrative Services, Property Management Program

I. PURPOSE

To provide guidance on the review by the Transportation Commission and the Chief Engineer on the Department’s processes regarding the disposition of excess land, including actions in abandonment, disposal, exchange, relinquishment, devolution, remainders, and vacation, and other assets including the annexation of Department property for non-active projects.

II. AUTHORITY

Transportation Commission pursuant to § 43-1-106(8)(a), C.R.S.

See Appendix “A” for legal authority

III. APPLICABILITY

This Policy Directive applies to all divisions, regions, offices and branches of CDOT.

IV. DEFINITIONS

See Appendix “B”

V. POLICY

A. General Provisions

1. The Transportation Commission has determined that it is in the best interest of the Department to obtain the highest possible value for any interest in property which will be disposed of by exchange or sale.
2. In accordance with 23 C.F.R. 710.401, detailed procedures for completing property inventories, disposals, exchanges, abandonments, relinquishments, annexations and

Subject Disposal of Excess Department Property and Annexation	Number 1300.0
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leases are set forth in the FHWA-approved CDOT Right-of-Way Manual, Chapter 7. Chapter 7 of the Right-of-Way Manual provides critical guidance on these issues and required compliance with the Code of Federal Regulations and the provisions of the Colorado Revised Statutes set forth above.

3. The Department shall continue to revise Chapter 7 of the Right-of-Way Manual as necessary and appropriate and at a minimum every five years as required by 23 C.F.R. 710.201(c)(2) and (3), and will submit Chapter 7 of the Right-of-Way Manual and subsequent substantive modifications for review to the FHWA.

4. If there is any conflict between this Policy Directive or the guidance in the Right-of-Way Manual and state and federal law, the state or federal law shall govern.

B. Disposal of Excess Property: Transportation Approval

Authority: Section 43-1-210, C.R.S. and 23 CFR 710.409

1. In accordance with § 43-1-210(5), C.R.S., the Transportation Commission Shall approve the disposal, exchange, abandonment or relinquishment of all Excess Property.

2. Excess property includes those parcels of Department property no longer needed for transportation purposes, including abandoned roadway right-of-way not wanted by cities and counties, and fixed asset property which includes, but is not limited to maintenance facilities, rest areas and office buildings. It does not include Uneconomic Remnants or property within the limits of an active project.

C. Annexation of Department Property: Chief Engineer Approval

1. In accordance with Transportation Commission Resolution 271, the Chief Engineer, through delegation by the Transportation Commission, may approve an annexation.

2. When an entity seeks to execute an Annexation, it must comply with all relevant requirements set forth in § 31-12-101 through 122 C.R.S. and Colorado Constitution Article 2, Section 30 (Right to Vote or Petition on Annexation).

3. The Department shall follow the procedure set forth in the Right-of-Way Manual, Chapter 7.

VI. DOCUMENTS REFERENCED IN THIS POLICY DIRECTIVE

CDOT Right-of-Way Manual, Chapter 7 Property Management

Appendix “A” Legal Authority

Appendix “B” Definitions

Subject Disposal of Excess Department Property and Annexation	Number 1300.0
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VII. IMPLEMENTATION PLAN

This Policy Directive shall be implemented by the Division of Administrative Services, Property Management Office.

This Policy Directive shall be effective upon signature.

IX. REVIEW DATE

This Policy Directive shall be reviewed on or before January 2019.

Transportation Commission Secretary

Date of Approval

Subject Disposal of Excess Department Property and Annexation	Number 1300.0
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Appendix “A” Authority

- § 43-1-210, C.R.S. (Acquisition and Disposition of Property)
- § 43-2-106, C.R.S. (Abandoned State Highways)
- § 43-2-301 *et. seq.*, C.R.S. (Vacation Proceeding: Roads, Streets, and Highways)
- § 43-1-111, C.R.S. (Engineer to Acquire Property)
- § 43-1-212, C.R.S. (Departmental Rental Agreements)
- 23 CFR 710.401 (Real Property Management – General)
- 23 CFR 710.403 (Real Property Management – Management)
- 23 CFR 710.405 (Real Property Management - Air Rights on Interstate)
- 23 CFR 710.407 (Real Property Management – Leasing)
- 23 CFR 710.409 (Real Property Management – Disposals)
- 23 CFR 620.201 through 23 CFR 620.203 (Relinquishment of Highway Facilities)
- 23 CFR 713 Subpart C (Right of Way)
- Transportation Resolution 271
- CDOT’s Right of Way Manual, Chapter 7

Subject Disposal of Excess Department Property and Annexation	Number 1300.0
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Appendix “B” Definitions

“Abandonment” pursuant to Section 43-2-106(1)(a), C.R.S. occurs when:

(a) a portion of a state highway is relocated and, because of the relocation, a portion of the route as it existed before the relocation is, in the opinion of the Transportation Commission, no longer necessary as a state highway, the portion is considered abandoned; or

(b) The Transportation Commission determines that all or a portion of a state highway no longer functions as a part of the state highway system, and, with the agreement of each affected county or municipality, the state highway or portion thereof shall be considered as abandoned.

(c) A portion of a state highway is relocated and, because of the relocation, a portion of the route as it existed before the relocation is, in the opinion of the Transportation Commission, no longer necessary as a state highway;

(d) The Transportation Commission determines with the agreement of each affected county or municipality that all or a portion of a state highway no longer functions as a part of the state highway system.

“Annexation” means the legal transfer of real property from one jurisdiction to another.

“Asset” means any roadway, bridge, structure or other asset within CDOT’s jurisdiction.

“Devolution” see abandonment.

“Disposal” means the sale of real property or rights therein, including access or air rights, when no longer needed for highway Right of Way or other activities eligible for funding under 23 CFR 710.409.

Excess Fixed Asset Property: This includes all property acquired outside of the highway Right of Way other than remainder property. Fixed asset property includes maintenance sites, office buildings, and employee housing units that were acquired with property funds budgeted through the Transportation Commission or project property converted to one of the above uses where the federal pro rata share has been credited back to FHWA.

Excess Project Property: All property acquired as highway Right of Way, which lies inside of the Right of Way lines of the original project, remainder property, or property abandoned or otherwise transferred to cities, counties, and towns or political subdivisions for roadway, greenbelt, sanitary, or other purposes that has reverted to CDOT. Excess project property also includes rest areas, port of entry sites, park-n-ride sites, and maintenance sites that were acquired

<p>Subject</p> <p>Disposal of Excess Department Property and Annexation</p>	<p>Number</p> <p>1300.0</p>
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as highway Right of Way. Funds from the sale of excess project property, acquired as Right of Way, must be credited to another project eligible for Title 23 funding.

“Exchange” pursuant to Section § 43-1-210(5)(V)(d), C.R.S. means the transferring of property, including improvements, water rights, land, or interests in land or water rights, by the Department to another person in consideration for the transfer to the Department of other property, including improvements, water rights, land or interest in land or water rights, cash, or services or other consideration thereof; except that any cash or services received may not exceed fifty percent of the total value of the consideration. A transaction otherwise qualifying as an exchange shall not be deemed a sale merely because dollar values have been assigned to any property, including improvements, water rights, land, or interests in land or water rights, for the purpose of ensuring that the Department will receive adequate compensation.

“Fair Market Value” for real property disposals and leases, fair market value may represent either: (1) the amount of the approved appraisal or value finding, (2) the negotiated price, or (3) the highest bid received at a public sale. From page 9 of ROW Manual

“Relinquishment” means the conveyance of a portion of a highway right-of-way or facility by a State highway agency (SHA) to another Government agency for highway use. 23 C.F.R. 620.203

“Remainder” means a parcel of land which was not needed for a completed state highway project that is determined to be of little value to the owner. Chapter 7 ROW. 43-1-210(1), C.R.S.

“Uneconomic Remnant” is a parcel of property that: (1) is not needed for State Highway purposes; (2) is acquired by the Department because the acquisition of a portion of a parcel of land is required for State Highway purposes; (3) results in a remaining parcel being of little value to its owner; or (4) could give rise to claims or litigation concerning severance or other damage.

“Vacation” occurs whenever any roadway has been designated on the plat of any tract of land or has been conveyed to or acquired by a county or incorporated town or city or by the state or by any of its political subdivisions for use as a roadway, and thereafter is vacated, title to the lands included within such roadway or so much thereof as may be vacated shall vest, subject to the same encumbrances, liens, limitations, restrictions, and estates as the land to which it accrues, as set forth in § 43-2-302, C.R.S.

COLORADO DEPARTMENT OF TRANSPORTATION		<input checked="" type="checkbox"/> POLICY DIRECTIVE <input type="checkbox"/> PROCEDURAL DIRECTIVE	
Subject DISPOSITION OF EXCESS LAND			Number 1300.0
Effective 9/17/96	Supersedes 6/1/79	Originating office Staff Right of Way	

PURPOSE

To explain the methodology for the abandonment, relinquishment, exchange, sale, or other disposal of department owned real property, or improvements which have been used for highway right of way, maintenance or office building purposes.

AUTHORITY

This policy is authorized by sections 43-1-210, and 43-2-106, Colorado Revised Statutes, as amended.

APPLICABILITY

This methodology shall apply to all Department of Transportation Divisions, Branches, and Region Offices.

DEFINITIONS

Remainder Property: Remnants acquired with highway right of way. Includes land outside the required R/W limits as well as other property including buildings, water, and minerals inside or outside the right of way; and access rights as defined under CRS 43-1-210(1). This type of property may be sold or exchanged upon the terms and conditions set by the Chief Engineer at current Fair Market Value.

Excess Property: Property other than Remainder Property not needed for transportation purposes. Includes abandoned roadway right of way not wanted by cities and counties for streets or roads; and fixed asset property such as maintenance facilities and office buildings, as defined under 43-1-210(5). This type of property may be sold or exchanged upon the terms and conditions set by the Transportation Commission at current Fair Market Value. Properties having value to more than one owner shall be offered to any political subdivision of the State, including but not limited to, any State agencies, City, Town, or County within the boundaries of the property or interest therein, and shall have the first right of refusal to purchase or exchange such property at current Fair Market Value.

POLICY

SUBJECT DISPOSITION OF EXCESS LAND	NUMBER 1300.0
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The Transportation Commission has determined that it is in the best interests of the Department to dispose of, by sale, exchange, relinquishment or abandonment any real property and improvements which have been acquired for transportation purposes and are no longer needed for those purposes now or in the foreseeable future. Further, it is in the best interests of the Department to obtain the highest possible value for any interest in property which will be disposed of by exchange or sale.

The Transportation Commission reserves the right to approve the sale or exchange of excess property that are not associated with an active right of way project. The authority to approve excess property disposal on active projects has been delegated to the Executive Director, or his designee, by resolution TC-271.

The Department of Transportation shall initiate an appraisal of all real property including improvements and establish a fair market value (or salvage value in the case of improvements being retained by the original owner) for all remainder and excess property which is proposed for disposal. The disposal of such property shall be in accordance with Colorado Revised Statutes, this Policy, all applicable procedural directives, and as described in the Right of Way Manual, Chapter 7, Property Management.

All excess property not sold or exchanged in the first right of refusal process, remainder property and/or improvements having an appraised value of more than \$10,000 and having a value to more than one party, shall be sold at public sale or exchanged through a public process based on an appraised value for the property. A minimum bid shall be established for all property sold at public sale. Excess property, not sold or exchanged in the first right of refusal process, and remainder property having a value to only one party, or a value of \$10,000 or less, shall also be appraised, a fair market value established, but instead of being sold at public sale, shall be offered to the first party requesting to buy the property at the terms and conditions fixed by the Chief Engineer or the Transportation Commission.

Moneys to be received under \$100,000 for the sale or exchange of excess federal aid right of way or remainder property acquired on a right of way project shall be designated in the Transportation Commission resolution to another project, preferably in the same Region, with the same federal aid pro-rata which has been authorized for right of way acquisition, at the recommendation of the Chief Engineer for Engineering, Design, and Construction. If the moneys from the sale of a parcel credited to a project exceeds \$100,000.00, the funds that these moneys replace shall be added to the Department contingency reserve or redistributed with the approval of the Transportation Commission in a budget supplement.

If the Department should receive cash for fixed asset property (Maintenance Facilities or Office Building) or state funded right of way, it shall be deposited as miscellaneous revenue and may be re-budgeted by the Transportation Commission in a budget supplement at the recommendation of the Chief Engineers for either property or projects.

IMPLEMENTATION

Resolution No.

Approval of Revised Policy Directive 1300.0 “Disposal of Excess Property and Annexation” and Repeal of Policy Directives: 1303.0 "Annexation of Department Property”; 1307.0 "Property Leases"; 1612.0 "State Highway Relocation Policy", and 1003.0 "Maintenance Incentive Pilot Program."

WHEREAS, § 43-1-106 (8)(a) C.R.S. gives authority to the Transportation Commission of Colorado (“Commission”) to formulate general policy with respect to the management, construction, and maintenance of public highways and other transportation systems in the state; and

WHEREAS, the Commission has supported the Department’s efforts to review governing policy and procedural directives on an ongoing basis and recommend repeal or consolidation where necessary; and

WHEREAS, the Commission supports the Department’s efforts to timely respond to internal audit findings which improve the Department’s business practices and transparency; and

WHEREAS, the Department’s Policy Directives referenced herein no longer reflect current Department procedures regarding property-related actions on non-active projects, including abandonment, disposal, exchange, relinquishment, devolution, remainders, vacation, and the annexation of Department property; and

WHEREAS, the proposed revision to current Policy Directive 1300.0 “Disposition of Excess Land” dated September 17, 1996 and the proposed repeal of Policy Directives: 1303.0 dated April 16, 1998; 1307.0 dated October 16, 1997; 1612.0 dated June 18, 1981, and 1003.0 dated May 14, 2008 support both the timely response to the audit findings and the efforts of the Department to update and consolidate directives; and

NOW THEREFORE BE IT RESOLVED, the Transportation Commission approves revised Policy Directive 1300.0 “Disposal of Excess Property and Annexation”; and

BE IT FURTHER RESOLVED, the Transportation Commission repeals the following Policy Directives: 1303.0 “Annexation of Department Property” dated 4.16.98; 1307.0 “Property Leases” dated 10.16.97; 1612.0 “State Highway Relocation Policy” dated 6.18.81; and 1003.0 “Maintenance Incentive Pilot Program” dated 5.14.08.

Transportation Secretary

Date

CDOT Work Flow Summary Regarding Disposal of Excess Property and Annexation

2.28.15

Action/Topic	CDOT Work Flow (Prop. Mgmt. Office seeks FHWA approval if asset is on interstate)	Federal and State Regs. and Statutory Citations	ROW Manual (“ROWM”) Chapter 7	Related PD and forms (this column will be deleted once PDs are repealed)
Abandoned Property (included in “Excess Property”)	Property Management Office to Transportation Commission	§ 43-2-106, C.R.S. and § 43-1-210(5)(a), C.R.S.	Def. p. 11, page 24 & ROWM 7.2.10 p. 29 /Exhibit B2	1300.0 1003.0/1003.1
Annexation of Department Property	Property Management to Chief Engineer	§ 31-12-101 through 122, C.R.S., Colorado Constitution Article 2, Section 30 (Right to Vote or Petition on Annexation)	ROWM p. 9, 7.2.18 & p. 44	1303.0 1303.1
Devolution	Property Management Office to Transportation Commission	§ 43-2-101.5(2)(a), C.R.S.	See abandonment	1300.0 1003.0 / 1003.1
Disposal of Surplus Bridges	RTD to Chief Engineer to Transportation Commission	23 CFR 710.409 23 CFR 710.403 23 CFR 620.203 § 43-1-210, C.R.S.	See relinquishment 7.1.3, p. 8 / 7.1.4, p. 10 / def. p.12 & FMV / 7.2.8 / Exhibit B1	3.2 1300.1
Exchange of Property	<ul style="list-style-type: none"> • Inactive Projects: Property Management to Chief Engineer to Transportation Commission • Active Projects: HQ ROW to Chief Engineer 	§ 43-1-210(5) C.R.S.	ROWM 7.1.5 p.12 & def. of abandonment p.11 & remainder p. 13, p.26, 27,30, 43, 63 / 7.2.11 page 30-31-32 /Exhibit B4	1300.2
Excess Property	ROW Manager to Property Management to Chief Engineer	§ 43-1-210(5)(a)(I), C.R.S. § 43-2-106, C.R.S. § 43-2-301 and 304, C.R.S. 23 C.F.R. 710.409 23 C.F.R. 710.403	ROWM 7.1.2, 7.1.4, p.12 def., 7.2.4, p.24, 25, 26, 28 7.2.8 p. 32 (closed projects)	1300.0 1300.2 Exhibit B2

Leases	Property Management Office handles all CDOT leases.	§ 43-1-111, C.R.S. § 43-1-210, C.R.S. § 43-1-211, C.R.S. § 24-30-1300 to 24-30-1301, C.R.S.	ROWM 7.2.1 General Prop. Rent/Lease 7.2.2 Closed Project Land / Building 7.2.3 Leasing Prop. from Others for Dept. Purposes 7.2.4 Active Project Land / Build. 7.2.5 Oil/gas 7.2.6 Telecom 7.2.7 Air/Space 7.2.20 Emp. Housing	PD 1307.0
Property Inventory & Review	Region Office to Property Management Office	23 CFR 713.304(d) and (c)	ROWM 7.1.4, p.10 / 7.2.1 p.13 / p.37, 7.2.15 p. 38	1300.1
Relinquishment	Property Management (on behalf of Chief Engineer) to Transportation Commission	23 C.F.R. 620.201 through 203	ROWM Def. p. 12 /7.2.8 /p. 24 / p.31 7.2.10 / p. 24, p 30 / Exhibit B3	1300.0 & 1300.1
Relocation	Property Management (on behalf of Chief Engineer) to Transportation Commission		ROWM 7.1.5 / p. 15, p. 16 / 7.2.4 / p.18 / 7.2.8 p. 24, Exhibit B2	1612.0
Remainder	<ul style="list-style-type: none"> • Inactive Projects: Property Management to Chief Engineer to Transportation Commission • Active Projects: HQ ROW to Chief Engineer 	§ 43-1-210(1), C.R.S.	ROWM 7.1.2 / 7.1.4 /7.2.8 / p.12 / Def. p.13 / 7.2.1/ p.17 / p. 18 / p. 24 /7.2.8 p. 27, 28, p.29, p.31 / 7.2.14 / 7.2.15	1300.0 1300.2
Vacation	Property Management Office	§ 43-2-302; § 43-1-210(5)(a)(V)(d); C.R.S.	ROWM Page 26 E., p.30	No PD



COLORADO
Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: March 19, 2015
TO: Transportation Commission
FROM: Joshua Laipply, P.E. Chief Engineer
SUBJECT: SH 67 Devolution - Time Extension

Purpose

Colorado Revised Statute 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. Region 2 is requesting Commission approval to abandon 0.31 linear miles of Highway 67 (SH 67) in Victor, Colorado.

Action

CDOT Region 2 is requesting the Transportation Commission pass a resolution to allow for a time extension until April 15, 2015 to execute a quitclaim deed for the abandonment of 0.31 linear miles of SH 67 in Victor, Colorado.

Background

The Transportation Commission approved the abandonment of 0.31 linear miles of SH 67 in Victor, Colorado via TC Resolution 3198 in Novemebr, 2014.

Details

TC Resolution 3198 required CDOT to execute a quitclaim deed to transfer title of 0.31 linear miles of SH 67 in Victor to the Town of Victor within 90 days of the resolution. CDOT and the Town of Victor exceeded the 90 day deadline as a result of extended IGA negotiations. The IGA has now been executed and the Town has passed a resolution to accept this section of SH 67.

Next Steps

CDOT will execute a quitclaim deed and the Town of Victor will record the quitclaim deed with the Teller County Clerk and Recorder prior to April 15, 2015.

Attachments

Proposed resolution
TC Resolution 3198



Project #: C 067A-034
Location: SH 67 from 4th St. west to Victor City Limits
Municipality: City of Victor

PROPOSED RESOLUTION

WHEREAS, The Transportation Commission approved the abandonment of 0.31 linear miles of Highway 67 (SH 67) in Victor, Colorado Via TC Resolution 3198;

WHEREAS, TC Resolution 3198 required CDOT to execute a quitclaim deed to complete the abandonment within 90 days of the Resolution;

WHEREAS, the 90 day deadline expired to execute the quitclaim deed expired February 18, 2015

WHEREAS, CDOT was unable to execute a quitclaim deed within the 90 day deadline as result of delays related to negotiating an IGA with the Town of Victor;

WHEREAS, CDOT and the Town of Victor have negotiated the IGA that outlines the abandonment;

WHEREAS, CDOT and the Town of Victor would like to extend the deadline to execute the required quitclaim deed to April 15, 2015;

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

NOW THEREFORE BE IT RESOLVED, pursuant to the provisions of the C.R.S, 43-2-106 the Department of Transportation be given authority to extend the deadline to abandon that portion of SH 67 from mile marker 45.56 to 45.87 containing approximately 0.31 miles to April 15, 2015.

Resolution #TC-3198

Approval of the Devolution of SH 67 from 4th St. west to Victor City Limits to the City of Victor from Project #: C 067A-034

Approved by the Transportation Commission on October 16, 2014

WHEREAS, The Department of Transportation owns 0.31 linear miles of Highway in Victor, Colorado identified as State Highway 67 (SH 67); and

WHEREAS, that portion of SH 67 is located between, and connecting 4th Street west to the Victor, City Limits (Exhibit A); and

WHEREAS, Region 2 has determined that abandoning this portion of SH 67 would be in the best interest of Colorado taxpayers; and

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; and

WHEREAS, the City of Victor proposed to take ownership of SH 67 from mile marker (MM) 45.56 to MM 45.87, as described in Exhibit A which are attached hereto, in exchange for a payment of \$307,702.00 from CDOT; and

WHEREAS, \$307,702.00 is anticipated to be less than the amount CDOT reasonably expects to expend to maintain, preserve, or improve this section of SH 67 over the next 20 years; and

WHEREAS, the abandonment of the above referenced section of SH 67 will be funded with Region 2 RAMP funds; and

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; and

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 City of Victor pursuant to the terms and conditions of the IGA; and

WHEREAS, the governing body of the City of Victor has adopted Resolution No. 2014-08-14.01, agreeing to the state's abandonment of the portion of SH 67, agreeing that said highway segment no longer serves the ongoing purposes of the state highway system; committing the City of Victor to assume ownership of said highway segment in the "as is" condition; and

WHEREAS, within 90 days of the date of CDOT's Transportation Commission Resolution formalizing the abandonment of the above referenced portion of SH 67,

CDOT will execute a quitclaim deed that will include a reversion provision stating that if the property that is the subject of the quitclaim deed is not used for transportation purposes, title to such property will automatically revert to CDOT; and

WHEREAS, concurrent with the execution of the quitclaim deed, CDOT will provide payment of \$307,702.00 to the City of Victor, and that shall constitute the total consideration from the State to the City of Victor related to the abandonment and transfer of the abandoned highway; and

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); and

WHEREAS, the Transportation Commission has determined SH 67 between mile marker 45.56 and 45.87 is no longer needed for the state highway purposes; and

NOW THEREFORE BE IT RESOLVED, pursuant to the provisions of the C.R.S, 43-2-106 the Department of Transportation be given authority to abandon that portion of SH 67 from mile marker 45.56 to 45.87 containing approximately 0.31 miles.

Herman J. Stockinger #
Herman Stockinger, Secretary
Transportation Commission of Colorado

11-17-14
Date



COLORADO
Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: March 19, 2014
TO: Transportation Commission
FROM: Joshua Laipply, P.E. Chief Engineer
SUBJECT: Willow Road Abandonment to Greenwood Village

Purpose

Colorado Revised Statute 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. Region 1 is requesting Commission approval to abandon a Parcel 2 (a.k.a., Willow Road) and also a portion of East Caley Avenue lying east of I-25; (Exhibit A).

Action

CDOT Region 1 is requesting the Transportation Commission pass a resolution to allow for the abandonment of the above referenced section of Willow Road and East Caley Avenue.

Background

CDOT and RTD constructed a shared Park and Ride and Maintenance facility at Yosemite Street and East Caley Avenue during the TREX Project. The City of Greenwood Village contributed \$6,954,000 to the construction of the facility.

Details

CDOT and RTD entered into an IGA that outlined the rights and responsibilities of each party related to the shared facility. CDOT, RTD and Greenwood Village also executed an Easement Exchange Agreement. Part of IGA and Easement Exchange Agreement indicated that CDOT could convey Willow Road and the section of Caley Avenue to the City of Greenwood Village. The IGA and Easement Exchange Agreement are available for review if requested. Greenwood Village has requested CDOT abandon Willow Road and Caley Drive. The Transportation Commission is authorized pursuant to Colorado Revised Statutes (C.R.S) 43-2-106 to make determinations regarding abandonment of State Highways. Upon Transportation Commission Approval, CDOT will execute a quitclaim deed to complete the abandonment. The quitclaim deed will contain language that will revert the property back to CDOT ownership if the property ever ceases to be used for transportation purposes.

Key Benefits

CDOT will be relieved of all maintenance responsibility and liability for this section of Willow Road and East Caley Drive.

Next Steps

Upon approval from the Transportation, CDOT will execute a quitclaim deed and Greenwood Village will record the quitclaim deed at the office of the Arapahoe County Clerk and Recorder.



Attachments

CDOT/RTD IGA

CDOT/RTD/Greenwood Village Easement Exchange Agreement

Proposed Resolution



PROJECT #: NH 0252-299
PROJECT CODE: 11584
LOCATION: I-25@Yosemite, Willow Drive
Municipality: Greenwood Village

PROPOSED RESOLUTION

WHEREAS, the Department of Transportation is in ownership of Parcel 2 (a.k.a., Willow Road) and also a portion of East Caley Avenue lying east of I-25 that were created out of Department of Transportation (“CDOT”) and Regional Transportation District (“RTD”) properties located in the northeast quadrant of I-25 and Yosemite Drive;

WHEREAS, as part of CDOT Project NH 0252-299, Project Code 11584, (a.k.a., Transportation Expansion Project, “T-REX”), CDOT and RTD entered into an Easement and Real Property Exchange Agreement for the Arapahoe Park-N-Ride and Maintenance Facility (“Agreement”) describing the property rights, required exchanges, and easements between the parties and the City of Greenwood Village (“City”) at this location;

WHEREAS, the City contributed \$6,954,000 to construct the combined RTD parking facility and CDOT maintenance facility to assist in the coordinated development of City property adjacent to the facility;

WHEREAS, in Paragraph B of the Agreement, “Parcel 2 will be maintained as access to the general public for so long as Parcel 3 is operated as a park-n-Ride.”;

WHEREAS, in Paragraph 6 of the Agreement, CDOT’s responsibilities to provide public access to Parcel 2 shall be terminated when and if CDOT conveys Parcel 2 to the City and the City accepts the abandonment according to terms acceptable to CDOT;

WHEREAS, the City has formally requested said abandonment of Parcel 2 and the above noted portion of East Caley Avenue, to support their desire to develop the property they own adjacent to Willow Road and East Caley Avenue;

WHEREAS, the requested abandonment will alleviate all CDOT maintenance responsibility and liability for Parcel 2 and the described portion of East Caley Avenue;

WHEREAS, within 90 days of the date of execution of the Transportation Commission Resolution, CDOT will execute a quitclaim deed that will include a reversion provision stating that if the property that is the subject of the quitclaim deed is not used for transportation purposes, title to such property will automatically revert back to CDOT;

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

WHEREAS, the Transportation Commission Parcel 2 and the described portion of East Caley Avenue is not needed for State Highway purposes;

NOW THEREFORE BE IT RESOLVED, pursuant to the provisions of the CRS 43-2-106, the Department of Transportation be given authority to abandon Parcel 2 and portions of East Caley Avenue, as shown in Exhibit A.



COLORADO
Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: March 19, 2014
TO: Transportation Commission
FROM: Joshua Laipply, P.E. Chief Engineer
SUBJECT: SH 36 - Disposal to Lyons Fire District

Purpose

CDOT is proposing to dispose of 7,796 sf of SH 36 right of way that is no longer needed for transportation purposes. The property will be sold for nominal value to the Lyons Fire District.

Action

CDOT R4 is requesting a resolution approving the disposal of 7,796 sf of SH 36 ROW that is no longer needed for transportation purposes.

Background

The Lyons Fire District (District) building was destroyed in the September, 2013 floods. The District rebuilt their fire station as quickly as possible to regain the ability to provide fire protection and life safety services to the Town of Lyons. Upon completion of the new fire station a survey was completed. The survey determined that 7,796 square feet of the building encroached on SH 36 right of way.

Details

The right of way the District's building encroaches on is not needed for highway purposes. 23 CFR 710.403(d)(1) allows CDOT to convey property to other governmental entities for nominal value if the property is used for the benefit of public safety services.

Key Benefits

CDOT will be relieved of maintenance responsibilities and liability associated with this parcel. The District will not be forced to demolish and re-build their fire station. The District will be able to provide uninterrupted fire protection and life safety services to the Town of Lyons.

Next Steps

Upon approval of the Transportation Commission, CDOT will execute a quitclaim deed to convey the property to the District. The quitclaim deed will contain reversion language that would return the property to CDOT ownership if it ever ceases to be used for governmental services that are a benefit to public safety. The deed will be recorded in office of the Boulder County Clerk and Recorder

Attachments

Proposed Resolution
Exhibit Depicting the Exchange Parcels



Project #: F 030-1(3)
Location: SH 36
Municipality: Lyons, CO

PROPOSED RESOLUTION

WHEREAS, CDOT acquired right of way for the purposes of SH 36 right of way as part of project F 030-1(3) in 1967;

WHEREAS, the Lyons Fire District (District) building was destroyed in the September, 2013 floods;

WHEREAS, the District rebuilt their fire station as quickly as possible to regain the ability to provide fire protection and life safety services to the Town of Lyons;

WHEREAS, upon completion of the new fire station a survey was completed. The survey determined that 7,796 square feet of the building encroached on SH 36 right of way;

WHEREAS, the Department has determined that the 7,796 sf of SH 36 right of way the District's building encroaches on is no longer needed for transportation purposes;

WHEREAS, pursuant to Colorado Revised Statutes (C.R.S) 43-1-210(5)(a)(I) The Department of Transportation is authorized, subject to approving resolution of the Transportation Commission, to dispose of any property or interest therein which is no longer needed for transportation purposes;

WHEREAS, the Department has determined that the 7,796 sf of SH 36 right of way is of use only to the District;

WHEREAS, pursuant to Colorado Revised Statutes (C.R.S) 43-1-210(5)(a)(III) when a parcel that is no longer needed for transportation purposes has value to only one adjacent owner, that owner shall have first right of refusal to purchase said property;

WHEREAS, the District desires to exercise its right of refusal to purchase the 7,796 sf of SH 36 right of way which is no longer needed for transportation purposes;

WHEREAS, 23 CFR 710.403(d)(1) allows CDOT to convey property to other governmental entities for nominal value if the property is used for the benefit of public safety services;

NOW THEREFORE BE IT RESOLVED, pursuant to the provisions of the C.R.S, 43-1-210(5) and 23 CFR 710.403(d)(1) the Department of Transportation be given authority to dispose of, for nominal value, the 7,796 sf of SH 36 right of way which is no longer needed for transportation purposes described in Exhibit A.

EXHIBIT "A"

LOCATED IN THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 3 NORTH,
RANGE 70 WEST OF THE 6TH PRINCIPAL MERIDIAN,
TOWN OF LYONS, COUNTY OF BOULDER, STATE OF COLORADO

SHEET 1 OF 2

A PARCEL OF LAND, LOCATED IN THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 3 NORTH, RANGE 70 WEST OF THE 6TH PRINCIPAL MERIDIAN, TOWN OF LYONS, COUNTY OF BOULDER, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

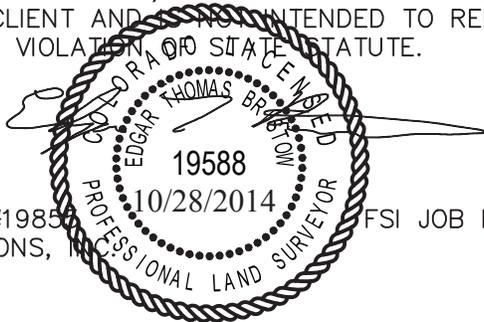
CONSIDERING THE SOUTH LINE OF BLOCK 17, MAP OF LYONS, RECORDED WITH THE COUNTY OF BOULDER IN BOOK 4, PAGE 48 AS ASSUMED TO BEAR N90°00'00"E, A DISTANCE OF 500.00' FEET, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO.

BEGINNING AT THE SOUTHWEST CORNER OF SAID BLOCK 17, SAID POINT ALSO BEING THE NORTHWEST CORNER OF THAT PARCEL OF LAND QUIT CLAIMED FROM CDOT AT RECEPTION NO. 355751, DATED AUGUST 24, 1979; THENCE ALONG THE SOUTH LINE OF SAID BLOCK 17, EXTENDED, N90°00'00"W, A DISTANCE OF 14.14 FEET TO A POINT ON A LINE APPROXIMATELY THREE (3) FEET EAST AND SOUTH OF AND PARALLEL WITH THE EXISTING BACK OF CURB, AS CONSTRUCTED, SAID POINT ALSO BEING A POINT OF CURVATURE; THENCE ALONG SAID THREE (3) FOOT OFFSET LINE TO BACK OF CURB THE FOLLOWING FOUR (4) COURSE AND DISTANCE;

- 1) N05°16'04"E, A DISTANCE OF 27.22 FEET TO A POINT OF CURVATURE;
- 2) THENCE 111.23 FEET ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 60.90 FEET AND AN INCLUDED ANGLE OF 104°38'21", SUBTENDED BY A CHORD BEARING N68°53'38"E, A DISTANCE OF 96.40 FEET TO A POINT OF NON-TANGENCY;
- 3) THENCE S54°22'28"E, A DISTANCE OF 31.85 FEET;
- 4) THENCE S52°20'12"E, A DISTANCE OF 30.02 FEET; THENCE LEAVING SAID PARALLEL LINE, S00°00'00"E, A DISTANCE OF 24.92 FEET TO A POINT ON THE NORTH LINE OF SAID QUIT CLAIM PARCEL; THENCE ALONG SAID NORTH LINE, SAID LINE ALSO BEING THE SOUTH LINE OF SAID BLOCK 17, N90°00'00"W, A DISTANCE OF 127.95 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINING 7,796 SQ.FT. OR 0.18 ACRES, MORE OR LESS.

I, EDGAR T BRISTOW, A LAND SURVEYOR LICENSED IN THE STATE OF COLORADO, DO HEREBY STATE FOR AND ON BEHALF OF FLATIRONS, INC., THAT THIS EASEMENT DESCRIPTION AND ATTACHED EXHIBIT, BEING MADE A PART THEREOF, WERE PREPARED BY ME OR UNDER MY RESPONSIBLE CHARGE AT THE REQUEST OF THE CLIENT AND WAS INTENDED TO REPRESENT A MONUMENTED LAND SURVEY OR SUBDIVIDE LAND IN VIOLATION OF STATE STATUTE.



EDGAR T. BRISTOW
COLORADO P.L.S. #19858
PRESIDENT, FLATIRONS, INC. FSI JOB NO. 14-64,550

THIS IS NOT A "LAND SURVEY PLAT" OR "IMPROVEMENT SURVEY PLAT" AND THIS EXHIBIT IS NOT INTENDED FOR PURPOSES OF TRANSFER OF TITLE OR SUBDIVISIONS OF LAND. RECORD INFORMATION SHOWN HEREON IS BASED ON INFORMATION PROVIDED BY CLIENT.
JOB NUMBER: 14-64,550 DRAWN BY: M. VOYLES DATE: OCTOBER 27, 2014

Flatirons, Inc.
Surveying, Engineering & Geomatics



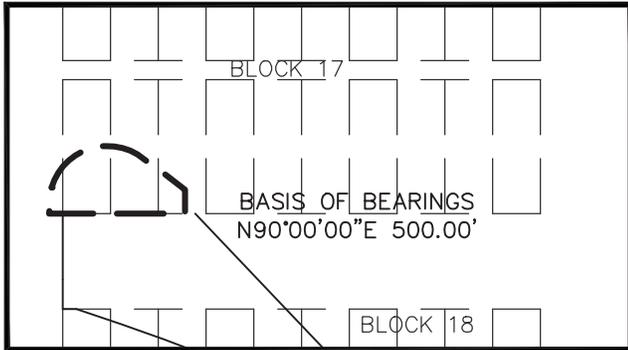
655 FOURTH AVE
LONGMONT, CO 80501
PH: (303) 776-1733
FAX: (303) 776-4355
www.FlatironsInc.com

EXHIBIT "A"

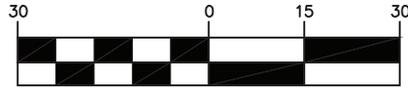
LOCATED IN THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 3 NORTH,
RANGE 70 WEST OF THE 6TH PRINCIPAL MERIDIAN,
TOWN OF LYONS, COUNTY OF BOULDER, STATE OF COLORADO

BASIS OF BEARINGS DETAIL

SHEET 2 OF 2

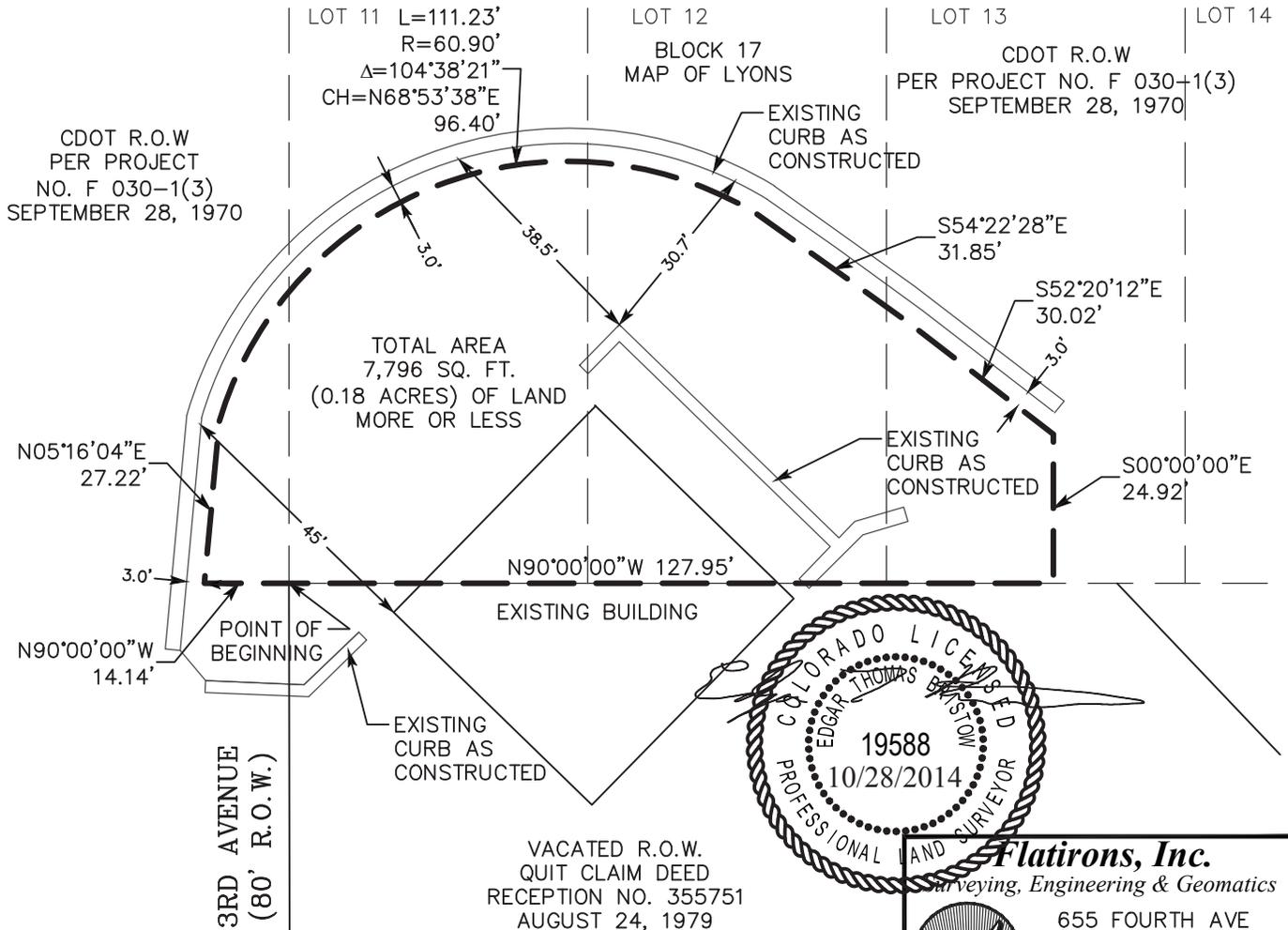


GRAPHIC SCALE



(IN FEET)

1 inch = 30 ft.



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Flatirons, Inc.
Surveying, Engineering & Geomatics

655 FOURTH AVE
LONGMONT, CO 80501
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FAX: (303) 776-4355
www.FlatironsInc.com

BY: MVOYLES FILE: 64550_EXHIBIT.DWG DATE: 10/28/2014 7:19 AM



COLORADO Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: March 19, 2014
TO: Transportation Commission
FROM: Joshua Laipply, P.E. Chief Engineer
SUBJECT: SH 287 - Prairie Star Parcel Exchange

Purpose

As a result of quiet title action, CDOT is proposing to exchange Parcels PE-232, TE-232 and TE-232A ("CDOT Owned Easements") for fee simple ownership of Lots 1, 4 and 6 in Block 1, Prairie Star Filing No.2 ("Prairie Star Parcels").

Action

CDOT R4 is requesting a resolution approving the exchange of the CDOT Owned Easements for the Prairie Start Parcels.

Background

CDOT acquired the CDOT Owned Easements (26.85 acres) for a "water quality and drainage buffer" in May, 2003 as part of the US 287 Larimer County Road 6 to SH 402 project (NH 2873-068 Unit 2/Code: 91309). The CDOT project constructed three detention ponds on the property.

Details

In November 2010, the Attorney General's office received notice that Prairie Star, the underlying fee owners of the property, had filed a quiet title lawsuit against CDOT. The goal of the quiet title suit was to assert that CDOT did not have good title to the easements and revoke CDOT's easement interest. Prairie Star wanted to build a gas station on a portion of the property and install solar panels on the rest of the parcel. CDOT and the Attorney General's office have negotiated a settlement with Prairie Star. The settlement agreement requires CDOT to terminate the CDOT Owned Easements in exchange for fee simple ownership of the areas needed for highway water quality and drainage buffer.

Key Benefits

The property areas are of similar size and value. CDOT will obtain fee ownership of the areas required for the detention ponds instead of easements. CDOT would receive property of equal or greater value than it is relinquishing.

Next Steps

Upon approval of the Transportation Commission, CDOT will execute an Easement Termination document for the disposal of the CDOT Owned Easements. Prairies Star will execute a deed for the conveyance of the Prairie Star Parcels. The Easement Termination document and the deed will be recorded in office of the Larimer County Clerk and Recorder

Attachments

Exhibit Depicting the Exchange Parcels



Project #: NH 2873-068 Unit 2 Code: 91309
Location: SH 287
Municipality: Larimer County

PROPOSED RESOLUTION

WHEREAS, CDOT acquired Parcels PE-232, TE-232 and TE-232A ("CDOT Owned Easements") (26.85 acres) for a "water quality and drainage buffer" in May, 2003 as part of the US 287 Larimer County Road 6 to SH 402 project NH 2873-068 Unit 2/Code: 91309;

WHEREAS, CDOT constructed three detention ponds on the CDOT Owned Easements;

WHEREAS, the detention ponds did not require the use of the full 26.85 acres;

WHEREAS, the Prairie Star Development owns the underlying fee real estate in the location of the CDOT Owned Easements;

WHEREAS, in November 2010, the Attorney General's office received notice that Prairie Star, the underlying fee owners of the property, had filed a quiet title lawsuit against CDOT that made the assertion that CDOT did not have good title to the easements;

WHEREAS, CDOT and the Attorney General's office have negotiated a settlement with Prairie Star;

WHEREAS, the settlement agreement requires CDOT to terminate the CDOT Owned Easements in exchange for fee simple ownership of the areas needed for the highway water quality and drainage buffer;

WHEREAS, pursuant to Colorado Revised Statutes (C.R.S) 43-1-210(5)(a)(I) The Department of Transportation is authorized, subject to approving resolution of the Transportation Commission, to dispose of any property or interest therein which is no longer needed for transportation purposes;

WHEREAS, pursuant to Colorado Revised Statutes (C.R.S) 43-1-210(5)(a)(III) the department has determined that the CDOT Owned Easements are of use only to the underlying fee owner;

WHEREAS, in the case of an easement the underlying fee owner shall have first right of refusal to purchase or exchange property that is no longer needed for transportation purposes;

WHEREAS, the underlying fee owner has exercised its right of refusal to exchange Lots 1, 4 and 6 in Block 1, Prairie Star Filing No.2 for the release of the CDOT Owned Easements;

NOW THEREFORE BE IT RESOLVED, pursuant to the provisions of the C.R.S, 43-1-210(5) the Department of Transportation be given authority to exchange Parcels PE-232, TE-232 and TE-232A of project NH 2873-068 Unit 2/Code: 91309 for Lots 1, 4 and 6 in Block 1, Prairie Star Filing No.2.

US Highway 287 Berthoud Bypass

Subject property



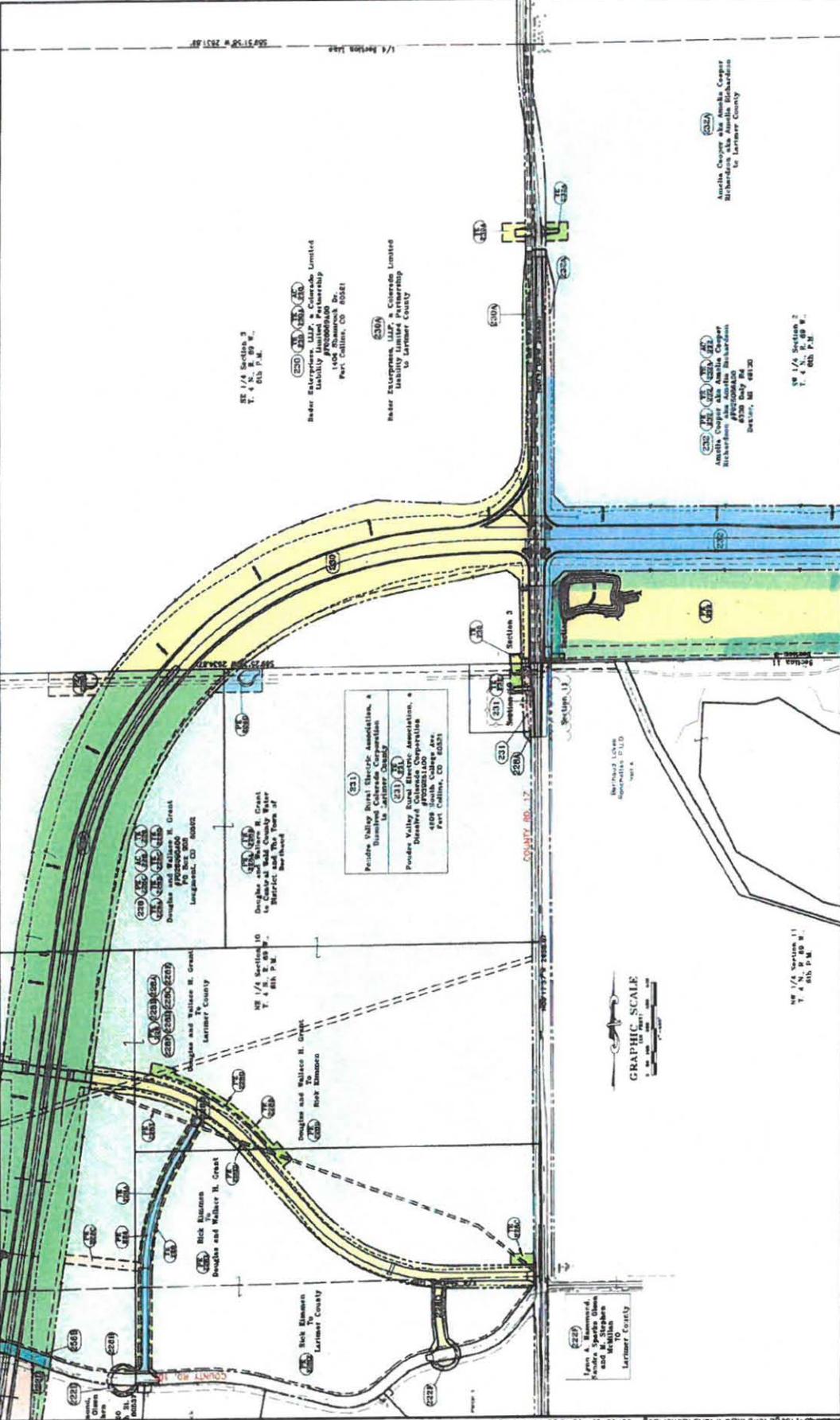


RIGHT OF WAY OWNERSHIP SHEET
 NH 2873-088 UNIT 2
 Latimer CR 6 TO SH 402
 PROJECT CODE: 91309 SHEET NUMBER: 34

Computer File Information
 DRAWING NO: 4940000
 FILE NO: 4940000
 PROJECT NO: 91309
 SHEET NO: 34
 DATE: 11/15/05
 DRAWN BY: JLD
 CHECKED BY: JLD
 DESIGNED BY: JLD
 PROJECT: **USGS Eastern Woodward Clyde**
 PROJECT CODE: 91309

Sheet Revisors

NO.	DATE	BY	REVISION
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COLORADO DEPARTMENT OF TRANSPORTATION
 Region 4
 1450 2nd Street
 Greeley, CO 80631
 Phone: (970) 350-2157 FAX: (970) 350-2178
RIGHT OF WAY PLANS UNIT: Myron Duane Hora

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Region 4
 1450 2nd Street
 Greeley, CO 80631
 Phone: (970) 350-2157 FAX: (970) 350-2178
RIGHT OF WAY PLANS UNIT: Myron Duane Hora

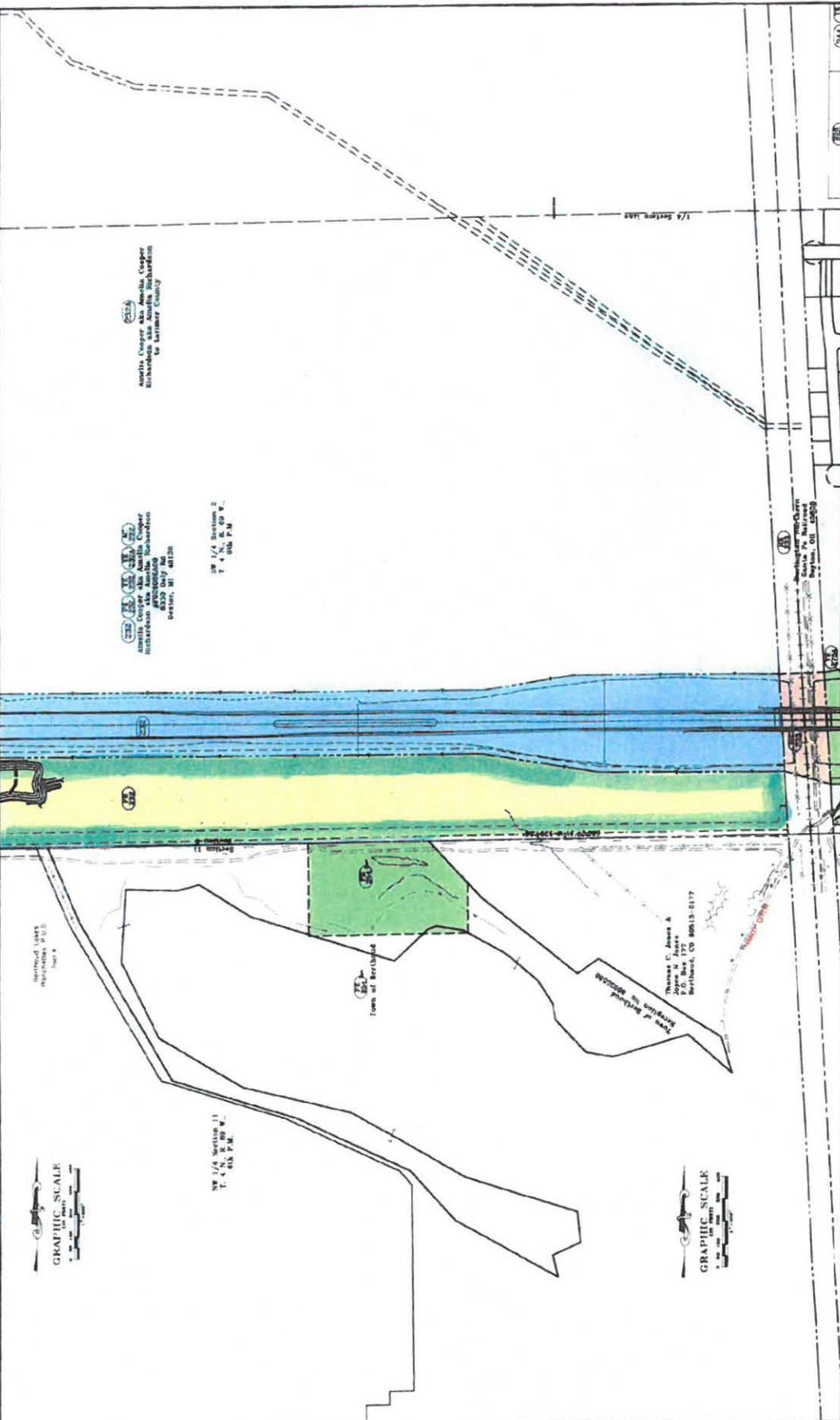
COLORADO DEPARTMENT OF TRANSPORTATION
 Region 4
 1420 2nd Street
 Denver, CO 80202
 Phone: (970) 350-2157 FAX: (970) 350-2176
RIGHT OF WAY PLANS UNIT: Myron Duane Hora

Sheet Revisions

NO.	DATE	DESCRIPTION
1	08/11/09	ISSUED FOR BIDDING
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Computer File Information
 STATE: CO
 DISTRICT: 10
 PROJECT: 068
 SHEET: 35
 PROJECT CODE: 91309
 SHEET NUMBER: 35
URS Greiner Woodward Clyde
 Denver, Colorado Tel: (303) 750-5800

RIGHT OF WAY OWNERSHIP SHEET
 NH 2873-068 UNIT 2
 Larimer CR 6 TO SH 402
 PROJECT CODE: 91309 SHEET NUMBER: 35



06 Consent Agenda: Page 412 of 121



COLORADO
Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: March 19, 2014
TO: Transportation Commission
FROM: Joshua Laipply, P.E. Chief Engineer
SUBJECT: RAMP-US 6 & 40 and SH 103 Devolution in Idaho Springs

Purpose

Colorado Revised Statute 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. Region 1 is requesting Commission approval to abandon a portion of US 6 and 40 located between the Interstate 70 Exits 239 and 241, beginning at the intersection of Stanley Road and ending near the right of way line of I-70 at the Exit 241 Interchange, and a portion of SH 103 located between Colorado Boulevard and the I-70 ROW at the Exit 240 Interchange; (Exhibit A).

Action

CDOT Region 1 is requesting the Transportation Commission pass a resolution to allow for the abandonment of the above referenced section of US 6 and 40 and SH 103.

Background

Idaho Springs proposed to take ownership of the above referenced section of US 6 and 40 and SH 103 in exchange for a payment of \$21,900,000 and a piece of surplus maintenance equipment with an approximate value of \$100,000 from CDOT. The \$21,900,000 is RAMP Funds. The surplus equipment shall be selected from equipment slated for disposal by CDOT.

Details

CDOT and Idaho Springs desire to enter into an Intergovernmental Agreement (IGA) for the abandonment of said highway segment. Concurrent with the execution of the IGA, CDOT will provide an initial payment of \$1,500,000.00 to Idaho Springs. Those funds shall be appropriated to design efforts for improvements Idaho Springs plans to construct on US 6 and 40 and SH 103.

Upon the execution of the IGA, Idaho Springs will be allowed to inspect and select a piece of maintenance equipment that CDOT has determined to be surplus. Should no suitable piece of equipment be identified and selected by Idaho Springs on or before September 30, 2015, Idaho Springs may elect to accept a cash payment of \$75,000 in lieu of the surplus equipment.

Within 90 days of the date of execution of the Idaho Springs Resolution or Ordinance accepting the abandoned portion of US 6 and 40 and SH 103 CDOT will execute a quitclaim deed that will include a reversion provision stating that if the property that is the subject of the quitclaim deed is not used for transportation purposes, title to such property will automatically revert back to CDOT. Concurrent with the execution of the quitclaim deed, CDOT will provide final payment of \$20,400,000 to Idaho Springs.



Attachments

Exhibit depicting the referenced devolution segments.

Proposed resolution



PROJECT #: NH 0703-349
PROJECT CODE: 17219
LOCATION: US 6 and 40, Colorado Boulevard
SH 103, 13th Avenue
Municipality: Idaho Springs

PROPOSED RESOLUTION

WHEREAS, the Department of Transportation owns 2.0 linear miles of Highway in Idaho Springs identified as US Highways 6 and 40 (Colorado Boulevard), and operates approximately 500 feet of Highway connecting US 6 and 40 with Interstate 70, identified as SH 103 (13th Avenue);

WHEREAS, that portion of US 6 and 40 is located between the Interstate 70 interchanges at Exits 239 and 241, beginning at the intersection of Stanley Road and ending near the right of way line of I-70 at the Exit 241 Interchange, and that portion of SH 103 is located between Colorado Boulevard and the I-70 ROW at the Exit 240 Interchange; (Exhibit A)

WHEREAS, Region 1 has determined that abandoning these portions of US 6 and 40 and SH 103 would be in the best interest of Colorado taxpayers;

WHEREAS, the Colorado Revised Statute 43-2-103 (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 affected county or municipality will assume ownership of the above mentioned roads in “as is” condition in exchange for a specific dollar amount to be paid by CDOT to the local governing body on the date of the transfer of ownership of this specified road segments;

WHEREAS, Idaho Springs proposed to take ownership of US 6 and 40 from mile marker (MM) 0+00 to MM 2.0 and SH 103 from Colorado Boulevard to the I-70 ROW, as depicted in Exhibit A which is attached hereto, in exchange for a payment of \$21,900,000 and a piece of surplus maintenance equipment with an approximate value of \$100,000, from CDOT, of which \$21,900,000 is from RAMP Funds and the surplus equipment is selected from equipment slated for disposal by CDOT;

WHEREAS, \$22,000,000 is anticipated to be less than the amount CDOT reasonably expects to expend to maintain, preserve, or improve this section of US 6 and 40 and SH 103 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 Idaho Springs pursuant to the terms and conditions of the IGA;

WHEREAS, concurrent with the execution of the IGA, CDOT will provide an initial payment of \$1,500,000.00 to Idaho Springs, and those funds are to be expended in design efforts for improvements Idaho Springs plans to construct on US 6 and 40 and SH 103;

WHEREAS, upon the execution of the IGA, Idaho Springs will be allowed to inspect and select CDOT surplus maintenance equipment that is periodically disposed of by auction, and this equipment would have an approximate value of \$100,000, and should no suitable piece of equipment be identified and selected by Idaho Springs by September 30, 2015, Idaho Springs may elect to instead accept a cash payment of \$75,000 in lieu of the surplus equipment;

WHEREAS, the governing body of Idaho Springs shall adopt a resolution agreeing to the State's abandonment of the portion of US 6 and 40 and SH 103 and agreeing that said highway segment no longer serves the ongoing purposes of the State Highway system; committing Idaho Springs to assume ownership of said highway segment in the "as is" condition;

WHEREAS, within 90 days of the official notification of such abandonment by the Transportation Commission Idaho Springs shall execute a resolution or ordinance accepting the abandoned portion of I-70K and SH 103 as city streets;

WHEREAS, within 90 days of the date of execution of the Idaho Springs Resolution or Ordinance accepting the abandoned portion of US 6 and 40 and SH 103, on or about May 15, 2015 CDOT will execute a quitclaim deed that will include a reversion provision stating that if the property that is the subject of the quitclaim deed is not used for transportation purposes, title to such property will automatically revert back to CDOT;

WHEREAS, concurrent with the execution of the quitclaim deed, CDOT will provide final payment of \$20,400,000 to Idaho Springs, and that shall constitute the total consideration from the State to Idaho Springs related to the abandonment and transfer of the Abandoned Highway;

WHEREAS, the 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);

WHEREAS, the Transportation Commission has determined that portion of US 6 and 40 and SH 103 abandoned, as shown in Exhibit A, containing approximately 2.1 miles is no longer needed for the state highway purposes;

NOW THEREFORE BE IT RESOLVED, pursuant to the provisions of the CRS 43-2-106, the Department of Transportation be given authority to declare that portion of US 6 and 40 and SH 103 abandoned, as shown in Exhibit A, containing approximately 2.1 miles.



Print Date: 2/13/2015
File Name: DevolutionExhibit_2.dgn
Horiz. Scale: 1:400 Vert. Scale: As Noted
Unit Information Unit Leader Initials

Sheet Revisions		
Date:	Comments	Init.

As Constructed
No Revisions:
Revised:
Void:

COLORADO BLVD. DEVOLUTION EXHIBIT			
Designer:	Structure Numbers		
Detailer:			
Sheet Subset:	Subset Sheets:		

Project No./Code
Project Number
Code
Sheet Number



4201 East Arkansas Avenue, Room 235
Denver, CO 80222

MEMORANDUM

TO: COLORADO TRANSPORTATION COMMISSION
FROM: MARIA SOBOTA, ACTING CHIEF FINANCIAL OFFICER
DATE: MARCH 19, 2015
SUBJECT: STATE INFRASTRUCTURE BANK LOAN APPLICATION FOR CENTRAL CITY

Purpose

To present a revision to the February 2015 resolution (#TC-15-2-6) in which the Transportation Commission (TC) approved the State Infrastructure Bank (SIB) loan to the City of Central, Colorado. The revision is a result of a correction that was made to the spelling of the Escrow Agent's name.

Action

The TC is being asked to review and approve the revised resolution. The new resolution makes a correction to the name of the Escrow Agent presented to them in February, 2015, where they approved a SIB loan to the City of Central Colorado.

Background

In February 2015, the Colorado State Infrastructure Bank Committee (COSIB) recommended that the TC approve a \$1,521,693 loan to the City of Central Colorado. Based on the COSIB Committee's recommendation, the TC approved the loan for the full amount. In the original resolution, the proposed Escrow Agent's name was misspelled as Colotnist. The COSIB administrator has corrected the typo in a revised resolution, listing Colotrust as the correct Escrow Agent. All terms of the loan specified in the February memo still apply as written.

Key Benefits

N/A

Options and Recommendations

1. Review the revised resolution with corrected Escrow Agent information and acknowledge the correction.

Staff Recommendation

Next Steps

Following the approval of the corrected resolution, OFMB will submit a final loan agreement to the City of Central and issue the approved loan.



Transportation Commission of Colorado
March 19, 2015

Resolution Number TC-

WHEREAS, the Colorado State Infrastructure Bank (bank) is a transportation investment bank with the ability to make loans to public and private entities for the formation of public transportation projects within the state; and

WHEREAS, the General Assembly passed Legislation (43-1-113.5 CRS) that made certain provisions for the bank and established within the bank, a highway account, a transit account, an aviation account and a rail account; and

WHEREAS, a loan application has been submitted by the City of Central (borrower), to borrow \$1,521,639 to correct drainage issues and mitigate rockslide incidents; and

WHEREAS, the Transportation Commission has adopted rules, pursuant to 43-1-113.5 CRS, in 2 CCR 605-1 regarding the eligibility requirements, disbursement of funds, interest rates, and repayments of loans from the bank; and

WHEREAS, pursuant to 2 CCR 605-1, Rule VI, Section 4 the Review Committee has reviewed and is in support of the application; and

WHEREAS, 2 CCR 605-1, Rule VI, Section 6 (2) provides “loan agreements for construction will specify that funds will be disbursed in their entirety to a third party fiduciary or escrow agent” unless the Transportation Commission provides a specific exemption; and

WHEREAS, the borrower has expressed its intent to attain Colotrust (the agent) as the third party fiduciary, escrow, or administrative agent to confirm proper documentation from the borrower for loan draws and pay a 0.75% origination fee, with the Department’s Division of Highways, directly disbursing funds to the borrower upon receipt of the agent’s confirmation; and

WHEREAS, the Division of Project Support has reviewed and acknowledged the highway projects significance to transportation goals for which the Borrower requests to borrow funds; and

WHEREAS, a sufficient amount is available to loan in the highway account; and

WHEREAS, the term of the loan is ten (10) years with a 2.50% interest rate, set by the Transportation Commission semi-annually, the Borrower must maintain a minimum Current Asset Balance equal to the balance of the remaining Highway SIB loan; and, allow CDOT to have consent rights to any new parity obligations before issued by the City; and, provide CDOT the ability to retain any gaming revenues to be rebated back to the City in the event of non-appropriation: and, enable CDOT to retain the right to secure any gaming or device fee revenues if non-appropriation should occur and HUTF (\$45,600 annual average over the past five years) funds do not cover principal and interest payments; and

NOW THEREFORE BE IT RESOLVED, the Transportation Commission authorizes the Department, under the guidance and direction of the Chief Financial Officer, to execute a loan agreement with the borrower in an amount of \$1,521,639 under the terms and provisions set forth in the adopted rules.

Herman Stockinger, Secretary
Transportation Commission of Colorado