



DATE: MAY 20, 2015
TO: TRANSPORTATION COMMISSION
FROM: DAVID A. ELLER, REGION 3 DIRECTOR
SUBJECT: US 6 DEVOLUTION GYPSUM TO EAGLE

Purpose

This memorandum updates the Transportation Commission (TC) on the potential devolution of US 6 between Gypsum and Eagle. Region 3 is asking the Transportation Commission to provide guidance if this devolution proposal should be pursued further, and if so what financial parameters should be considered.

Action

CDOT Region 3 Staff requests the TC review and consider the devolution of US 6 between Gypsum and Eagle. CDOT Region 3 Staff have identified the following items that may benefit CDOT by reducing:

- Future maintenance, engineering and specialty unit staff commitments to the corridor
- CDOT future financial responsibilities for projects not identified in our asset management programs (i.e. corridor capacity improvement projects in the Towns of Gypsum and Eagle)
- CDOT's assets by eliminating 3 bridges, 3 major drainage structures, 3 traffic signals, 194,000 SF of pavement, and an overhead railroad structure with vertical height restrictions.

Background & Details

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

Both the Town of Eagle and Town of Gypsum have an interest to see this highway maintained, and improved. Both municipalities have developed Access Control Plans, outlining how to improve the various accesses onto Highway 6. Over the last 5 years, Gypsum has been designing and financing increased capacity from 2 lanes to four lanes through Gypsum. The Town of Eagle has also been working to improve Highway 6 access with improved shoulders, bike paths, and controlled pedestrian crossings.

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

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

CDOT's Office of Financial Management and Budget (OFMB) has prepared an updated 2015 NPV worksheet which includes: Yearly roadway maintenance costs (~\$222,000 per year in 2015 dollars); The programmed 2017 resurfacing project (\$5.5 million plus \$70,000 Bridge Preventative Maintenance (BPM)); and the Gypsum Creek bridge replacement (\$3.77 million in 2025), which is in the 10 year Bridge Plan. The worksheet indicates that under the traditional 3% present value rate, the Net Present Value of devolving this section of road is approximately \$12.378 million. The department has also run a 4% present value scenario, which may be more reflective of the current climate. The communities have suggested a \$13.1 net present value payment is appropriate.



The \$13.1 million appears reasonable considering several projects within the corridor have not been included in the current NPV worksheets. The devolution of the roadway segments would significantly reduce the amount of CDOT resources and financial participation in the following:

- Planning, NEPA & Design in Town of Gypsum - ~\$500,000 (\$200,000 identified in the IMTPR 10-year RPP plan)
 - Construction of the Town of Gypsum Corridor - ~\$30.0 million per FHU 2006 Master Traffic Study
 - Improvements to UPRR Bridge (see Attachment A). Cost included above.
- Planning, NEPA, & Design US 6 in Town of Eagle - ~\$500,000
 - Construction of Town of Eagle Corridor - ~\$15.0-\$20.0 million
- Other Items:
 - Improvements to three major drainage structures (two built in 1933/34)
 - Eliminate three traffic signals from CDOT system
 - Elimination of 194,000 SF of pavement

Currently, there's an approximate \$7.53 million funding gap (\$13.1 million minus \$5.5 million ST minus \$0.07 million BPM) between the requested amount and available funding identified in current four-year asset management plans.

Options and Recommendations

- 1) Allow Region 3 to pursue the devolution proposal and potentially request approval of the TC in June. (Staff Recommendation)
- 2) Request additional information for review in June with a request for approval in a future month.
- 3) Disallow Region 3 to pursue the devolution proposal.

Next Steps

Region 3 is prepared to continue negotiations with the communities, including efforts to reduce costs.

Attachments

- Attachment A: Railroad Bridge
- Attachment B: Area Map
- Attachment C: Devolution System Benefits
- Attachment D: Devolution Financial Analysis



Attachment A: Railroad Bridge



Attachment B: Area Map



Attachment C: Devolution System Benefits



194,000 SY of Pavement	
3 Traffic Signals	
3 Bridges	<ul style="list-style-type: none"> • Structures built 1999, 1933, and 2015
1 Overhead Structure	<ul style="list-style-type: none"> • Eliminate 1 overhead railroad structure on state highway system with vertical height restrictions
3 Drainage Structures	<ul style="list-style-type: none"> • Structures built 1933, 1934, and 2015
Design and Construction of Capital Improvements	<ul style="list-style-type: none"> • Planning and design of capital improvement projects to widened corridor estimated at \$1.5M. Construction estimated between \$20-30M.
Routine Maintenance	<ul style="list-style-type: none"> • Winter plowing, pothole repair, guardrail repair, mowing, and minor resurfacing. Estimated at \$100,000 per year
Permitting/Reviews	<ul style="list-style-type: none"> • Traffic Permit reviews such as Access, Landscape and Utility permits. • Approximate \$5,000 per year savings. 30 accesses exist in this section
Geohazard Risks	<ul style="list-style-type: none"> • Rockfall and debris risk near mm 146 • Pavement settlement



Attachment D: Devolution Financial

**COLORADO DEPARTMENT OF TRANSPORTATION
DEVOLUTION OF HIGHWAY 6
PRESENT VALUE OF CASHFLOWS**

**COLORADO DEPARTMENT OF TRANSPORTATION
DEVOLUTION OF HIGHWAY 6
PRESENT VALUE OF CASHFLOWS**

YEAR	ANNUAL MAINTENANCE	SURFACE TREATMENT	BRIDGE REPAIR	TOTAL ANNUAL COSTS	ANNUAL PV CASH FLOW
12/1/2015	222,402	5,500,000	-	5,722,402	5,638,222
12/1/2016	229,074	-	-	229,074	219,113
12/1/2017	235,946	-	-	235,946	219,113
12/1/2018	243,025	-	-	243,025	219,113
12/1/2019	250,315	-	-	250,315	219,113
12/1/2020	257,825	-	-	257,825	219,095
12/1/2021	265,560	-	-	265,560	219,095
12/1/2022	273,526	-	-	273,526	219,095
12/1/2023	281,732	-	-	281,732	219,095
12/1/2024	290,184	-	-	290,184	219,077
12/1/2025	298,890	-	3,765,654	4,064,544	2,979,188
12/1/2026	307,856	-	-	307,856	219,077
12/1/2027	317,092	-	-	317,092	219,077
12/1/2028	326,605	-	-	326,605	219,059
12/1/2029	336,403	-	-	336,403	219,059
12/1/2030	346,495	-	-	346,495	219,059
12/1/2031	356,890	-	-	356,890	219,059
12/1/2032	367,597	-	-	367,597	219,042
12/1/2033	378,625	-	-	378,625	219,042
12/1/2034	389,983	-	-	389,983	219,042
TOTAL	4,800,000	5,500,000	3,765,654	15,241,679	12,560,833

ASSUMPTIONS:

PV Date	6/1/2015
PV Rate	3.00%
NPV Calculation	12,378,680



**COLORADO DEPARTMENT OF TRANSPORTATION
DEVOLUTION OF HIGHWAY 6
PRESENT VALUE OF CASHFLOWS**

YEAR	ANNUAL MAINTENANCE	SURFACE TREATMENT	BRIDGE REPAIR	TOTAL ANNUAL COSTS	ANNUAL PV CASH FLOW
12/1/2015	222,402	5,500,000	-	5,722,402	5,610,975
12/1/2016	229,074	-	-	229,074	215,951
12/1/2017	235,946	-	-	235,946	213,875
12/1/2018	243,025	-	-	243,025	211,818
12/1/2019	250,315	-	-	250,315	209,782
12/1/2020	257,825	-	-	257,825	207,742
12/1/2021	265,560	-	-	265,560	205,745
12/1/2022	273,526	-	-	273,526	203,766
12/1/2023	281,732	-	-	281,732	201,807
12/1/2024	290,184	-	-	290,184	199,845
12/1/2025	298,890	-	3,765,654	4,064,544	2,691,525
12/1/2026	307,856	-	-	307,856	196,020
12/1/2027	317,092	-	-	317,092	194,136
12/1/2028	326,605	-	-	326,605	192,248
12/1/2029	336,403	-	-	336,403	190,400
12/1/2030	346,495	-	-	346,495	188,569
12/1/2031	356,890	-	-	356,890	186,756
12/1/2032	367,597	-	-	367,597	184,940
12/1/2033	378,625	-	-	378,625	183,162
12/1/2034	389,983	-	-	389,983	181,401
TOTAL	4,800,000	5,500,000	3,765,654	15,241,679	11,870,464

ASSUMPTIONS:

PV Date	6/1/2015
PV Rate	4.00%
NPV Calculation	11,642,482

