

1. INTRODUCTION

In 2017, the Colorado General Assembly enacted Senate Bill 17-267 (SB-267), “Concerning the Sustainability of Rural Colorado.” SB-267 authorizes the State of Colorado to execute lease-purchase agreements on state facilities totaling up to \$2.0 billion to be issued in equal amounts over four years beginning in fiscal year 2018-19. CDOT is the recipient of up to \$1.88 billion of the proceeds. The projects funded from SB-267 have the following conditions:

- The projects must be qualified federal aid highway projects that are included in Tier 1 of CDOT’s Ten-Year Development Program. Of this, 25 percent is reserved for projects that are located in rural counties (fewer than 50,000 residents).
- No more than 90 percent of the proceeds shall be expended for highway purposes or capital improvements, and at least 10 percent of the proceeds shall be expended for transit purposes or for transit-related capital improvements.

In 2018, the Colorado General Assembly enacted Senate Bill 18-001 (SB-1). SB-1 commits state General Fund revenue for transportation projects. SB-1 funds priority projects as determined through the established state-wide planning process and approved by the Transportation Commission (TC). For fiscal years 2018-19 and 2019-20, SB-1 required fixed transfers from the general fund to the State Highway Fund (SHF), Highways Users Tax Fund (HUTF), and a newly created Multimodal Options Fund (MMOF).

Senate Bill 1 transfers are divided 70 percent to the State Highway Fund, 15 percent to counties and cities (HUTF) and 15 percent to the MMOF. The MMOF is administered through CDOT, which distributes 85 percent to local governments and the remaining 15 percent to CDOT. The MMOF may be used for transit projects, operating expenses, or studies.

2. REGULATORY CONSIDERATIONS

2.1 Regulations/Resolutions

- [Colorado Senate Bill 17-267](#)
- [Colorado Senate Bill 18-001](#)
- [C.R.S. § 43-1-1101 et seq](#)
- [2 CCR 601-22](#)

2.2 Guidelines

- [Policy Directive 14](#)

3. ASSET INVENTORY & CONDITION

SB-267 and SB-1 are funding sources and do not contain assets.

4. PERFORMANCE

There are no formal performance metrics or targets specific to SB-267 and SB-1 funds. Nevertheless, the use of SB-267 and SB-1 funds on transportation projects is responsible for improving transportation system performance (e.g., the performance targets set in PD-14) across Colorado.

5. FUNDING

5.1 Funding Mechanisms

SB-267 funding is derived from lease-purchase agreements on state facilities. CDOT anticipates a total of up to \$1.88 billion. The first issuance was in September 2018 for \$380 million. Year 2 COPs were issued in June 2020.

Senate Bill 1 is funded from transfers from Colorado's general fund. There were fixed transfers for fiscal years 2018-19 (\$495 million) and 2019-20 (\$150 million). These distributions were divided based on a formula and provided \$346.5 million and \$105 million for strategic highway projects.

5.2 Region Pool Distributions

SB-267 and SB-1 projects are funded through a statewide project prioritization process and there are no regional pool distributions.

6. INVESTMENT STRATEGIES

The TC provided direction on SB-267 project selection. This resulted in a project selection process that considers:

- candidate projects, state-wide, that best support the overall transportation system.
- reasonably adhere to Tier 1 projects in the 10-Year Development Program Plan.
- how funding can be used to prepare projects to receive new funding sources, leverage other funding sources, and offset the impacts of repayment liability.

SB-1 fund priority projects were determined through the established state-wide planning process and approved by the TC. The first distribution of CDOT SB-1 funding (\$346.5 million) was received in July 2018. At that time, the TC decided to fund select projects that were waiting to receive SB-267 funding so the projects could move forward. Projects selection was based on needs, readiness, and urgency of preconstruction and construction activities that needed to be completed by the following year. For this first distribution, the TC also allocated part of the first distribution toward the State's significant asset management needs.

The first SB-1 multi-modal fund distribution was \$74.25 million, where \$2.5 million was distributed to the Rail Commission and the remaining funds were divided between local

governments (85 percent) and CDOT (15 percent). The local portion of the multi-modal fund passes through CDOT, and the work is contracted by CDOT's Local Agency Program. Local projects typically require a 50 percent match.

7. PROJECT SELECTION

Projects eligible for SB-267 funding are included in the [10-Year Plan](#), and reflect [regional priorities](#). The selection process is inclusive of stakeholders and responds to vital transportation needs. Project selection considerations that are specific to SB-267 roadway projects include:

- project readiness to begin construction.
- strategic nature such as regional or statewide importance.
- stakeholder support, such as projects identified as high-priority by Region, Transportation Planning Region(s), or in a Regional Transportation Plan.
- supports the Statewide Plan goal areas of safety, mobility, maintaining the system, and economic vitality.
- ability to leverage discretionary grants, local funds, or toll revenue.
- potential to offset repayment impacts to existing programs (i.e. tolling projects, asset management projects).
- supports the statewide system by considering all transportation needs.

The SB-267 transit project selection methodology is based on recommendations from the TC Transit and Rail Advisory Committee.

SB-1 funds are used for eligible projects selected by the TC, including those prioritized by SB-267. The TC selects projects that have been prioritized through the CDOT state-wide planning processes and in collaboration with stakeholders, such as those described in CDOT's [Your Transportation Priorities](#). Projects in the Ten-Year Development plan, Asset Management, and emerging needs are considered in project selection.

8. REGION AND HEADQUARTER ROLES

The Regions and the Division of Transportation Development engage the Transportation Planning Regions, the Metropolitan Planning Organizations, the State Transportation Advisory Committee and other internal and external stakeholders in CDOT's continuing, comprehensive, and cooperative (3C), performance-based, multimodal transportation planning process. The engagement process includes the identification of investment priorities for SB-267 and SB-1 funds, as well as all other funding sources.

For transit projects, the Division of Transit and Rail (DTR) uses a project selection methodology which includes a Consolidated Capital Call for Projects and culling projects from the Intercity and Regional Bus Study and the Transit Development Program.

1. REPORTING, MANAGEMENT, AND DOCUMENTATION

8.1 Reporting to Internal and External Stakeholders

CDOT is required by SB-267 to report to the Transportation Committee of the State Senate and the Transportation and Energy Committee of the Colorado House of Representatives concerning the revenue expended from the proceeds of the lease-purchase agreements. There are no formal reporting requirements for SB-1.

8.2 Management / Advisory Committees

Both SB-1 and SB-267 funds are allocated through and managed by the TC. The TC is advised and informed through the State Transportation Advisory Committee and the well-established state-wide planning process.

The Division of Transportation Planning coordinates planning activities, integrates planning products from different CDOT Regions and Divisions, incorporates input from planning partners, other stakeholders, and the public, and provides analysis and policy development based on a consolidated, state-wide, multimodal perspective.