

## 1. INTRODUCTION

In 2017, the Colorado General Assembly enacted Senate Bill (SB) 17-267, “Concerning the Sustainability of Rural Colorado”, which created a funding source for CDOT. 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 (FY) 2018-19. CDOT is the recipient of \$1.88 billion of the proceeds.

To repay the lease-purchase agreements, the State is required to spend approximately \$150 M per year, including \$100 M from the state general fund and \$50 M from the State Highway Fund. Lease payments will continue for 20 years.

The proceeds that CDOT receives from SB-267 have the following conditions:

- Proceeds of the lease-purchase agreements that are credited to the State Highway Fund shall be used only for qualified federal aid highway projects that are included in the Strategic Transportation Project Investment Program of CDOT and that are designated for Tier 1 funding as Ten-Year Development Program projects on the Department’s Development Program list, with at least 25% of the money being used for projects that are located in rural counties (fewer than 50,000 residents).
- No more than 90% of the proceeds shall be expended for highway purposes or capital improvements, and at least 10% of the proceeds shall be expended for transit purposes or for transit-related capital improvements.
- CDOT must report annually to the legislature on proceed expenditures and the status of related projects.

## 2. REGULATORY CONSIDERATIONS

### 2.1 Regulations/Resolutions

- Colorado Senate Bill 17-267
- Colorado Senate Bill 18-001
- C.R.S. 43-4-206 (1) (b) (V)
- TC Resolution 18-01-17 (list of SB-17 potential projects)
- TC Resolution 17-11-15 (approved projects)
- TC Resolution 19-02-19 (project list modification)
- TC Resolution 19-08-11 (project list modification)
- 23 USC 150 National Goals and Performance Management Measures

### 2.2 Guidelines

- PD 14

## 3. ASSET INVENTORY & CONDITION

SB 267 is a revenue source and does not have assets.

## 4. PERFORMANCE

There are no formal performance metrics or targets specific to SB-267 funds. When SB-267 funds are used on a transportation project they assume the performance measures for the program associated with project. e.g., the performance targets set in PD-14).

## 5. FUNDING

### 5.1 Funding Mechanisms

The first issuance of SB-267 Certificates of Participation (COP) was completed in September 2018. The remaining SB 17-267 COP issuance and funding transfer is uncertain due to the failure of the 2018 ballot initiatives.

### 5.2 Region Pool Distributions

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

## 6. INVESTMENT STRATEGIES

The Transportation Commission (TC) has provided the following direction which has been used to establish the framework for the initial selection of SB 267 projects:

- Project selection process should be a statewide process, not subdivided by urban and rural, focused on identifying the best projects to support the overall system.
- Project selection for highway projects should reasonably adhere to Tier 1 projects in the 10-Year Development Program Plan at the time SB 267 was developed and passed.
- Given the uncertainty of SB 267 funding and repayment, the project selection process should focus initially on only the first two years of funding (\$880 million, with a minimum of 10% for transit)
- Consideration should be given to how SB 267 can be used to prepare for the possibility of other new funding sources.
- Consideration should be given to how SB 267 can be used to leverage other funding.
- Consideration should be given to how selected projects can help offset the impacts of repayment liability.

## 7. PROJECT SELECTION

The Transportation Commission developed the following criteria for roadway project selection:

- Project Readiness – Ready to proceed to construction by end of the state fiscal year for which funds are available (June 30, 2020, for the first two years of SB 267 funding.)
- Strategic Nature – Of regional or statewide significance.
- Stakeholder Support – Identified as high priority by Region or Transportation Planning Region(s) or identified as a high priority in a Regional Transportation Plan
- Statewide Plan Goal Areas – Supports statewide plan goal areas of safety, mobility, maintaining the system, and economic vitality
- Leveraging Other Funds – Leverages other funds, such as discretionary grants, local funds, or toll revenue.
- Potential to Offset Repayment Impact – Helps to offset potential repayment impacts to existing programs (i.e. tolling projects, asset management projects).
- Supports Statewide System – Supports a statewide transportation system, with consideration of transportation needs throughout the state

The Transportation Commission approves the transit project selection methodology based on recommendations from the Transit and Rail Advisory Committee of the Transportation Commission Transit and Intermodal Committee.

## 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 funds as well as all funding sources.

For transit projects, the Division of Transit and Rail (DTR) developed 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. The projects are then evaluated on how they address key criteria such as project readiness, strategic nature, statewide goal areas, support of the statewide transportation system, in addition impacts to ridership, and the criteria listed for construction projects in CDOT's Procedural Directive 1608 are considered. DTR then develops a matrix of eligible transit infrastructure projects such as facilities, park-and-rides, and other assets that typically have a 30 to 50-year useful life. The DTR then requests a recommendation for the Transit & Rail Advisory Committee to the TC Transit and Intermodal Committee for individual project funding.

## 9. REPORTING, MANAGEMENT, DOCUMENTATION

### 9.1 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.

### 9.2 Management / Advisory Committees

The TC manages and makes the final decision on the use of the SB-267 funds. The STAC advises and influences the project selections process/