

**High Performance Transportation Enterprise/Colorado  
Department of Transportation – Interagency Agreement and  
Scope of Work**

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**Background:**

The Colorado Department of Transportation (CDOT) has the responsibility to plan, develop, construct, coordinate, and promote an integrated transportation system within the State. The State found that it is necessary and appropriate to aggressively pursue innovative means of more efficiently financing important surface transportation infrastructure projects that will improve the safety, capacity, and accessibility of the surface transportation system through the High Performance Transportation Enterprise (HPTE). As a division of CDOT, HPTE coordinates and integrates its mission with CDOT in the fulfillment of its duties.

*Funding Advancements for Surface Transportation and Economic Recovery Act of 2009 (FASTER)*

*Senate Bill 09-108 (FASTER)* is the enabling legislation that created HPTE and provides its powers and duties. Additionally, *Senate Bill 09-108 (FASTER)* defined HPTE as an enterprise under TABOR. The following are relevant excerpts from *Senate Bill 09-108, Section 43-4-806* relevant to defining HPTE as an enterprise:

(2) (a) (I) THE HIGH-PERFORMANCE TRANSPORTATION ENTERPRISE IS HEREBY CREATED. THE TRANSPORTATION ENTERPRISE SHALL OPERATE AS A GOVERNMENT-OWNED BUSINESS WITHIN THE DEPARTMENT AND SHALL BE A DIVISION OF THE DEPARTMENT.

(III) (B) (d) THE TRANSPORTATION ENTERPRISE SHALL CONSTITUTE AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS FROM ALL COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT CONSTITUTES AN ENTERPRISE PURSUANT TO THIS PARAGRAPH (d), THE TRANSPORTATION ENTERPRISES SHALL NOT BE SUBJECT TO ANY PROVISIONS OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

*CDOT/HPTE Memorandum of Understanding*

To define the responsibilities between CDOT and HPTE, a Memorandum of Understanding (MOU) was created, effective September 30, 2013. The following are relevant excerpts from the CDOT/HPTE MOU:

4.3 (a) HPTE IS TO BE REIMBURSED BY CDOT FOR PERSONAL SERVICES OR GOODS PROCURED BY HPTE.

The MOU includes general information of the types of services HPTE is to provide to CDOT in support of their coordinated mission. HPTE supports CDOT in the following six core project phases:

- 1) *Overall Program*: includes services that provide communications, overall administration and reporting of the P3 Program.
- 2) *Program Planning*: includes services for conducting initial feasibility, conceptual design, financial planning, initial environmental planning, delivery planning, and project prioritization.
- 3) *Project Development*: includes services for conducting final feasibility testing, finance planning and preliminary engineering.
- 4) *Project Procurement*: includes services for procuring the project.
- 5) *Construction*: includes services for constructing the project.
- 6) *Operation & Maintenance (O&M)*: includes services for operating the project.

**Scope:**

- Colorado Department of Transportation and High Performance Transportation Enterprise Interagency Agreement for Services
- Colorado High Performance Transportation Enterprise Scope of Work Fiscal Year 2016
- Senate Bill 09-108 - Funding Advancements for Surface Transportation and Economic Recovery Act of 2009 dated March 2, 2009
- Memorandum of Understanding (MOU) by and between CDOT and HPTE dated September 30, 2013
- Colorado Revised Statute 43-4-806
- HPTE Fiscal Year 2016 Budget
- HPTE 10 Year Plan Value to CDOT from Stifel
- HPTE 10 Year Plan Methodology from Stifel

**Issues:**

1. What types of activities/services would be considered exchange transactions in the context of the relationship between CDOT and HPTE?
2. Is there support in the form of historical state practice that support exchange transactions between an Enterprise and Governmental Funded activity?
3. What information and other factors is evidenced in the Scope Work to evidence an exchange will occur between CDOT and HPTE?
4. Is the exchange transaction between CDOT and HPTE at market value? If so, what evidence exists to support this assertion?

**Issue #1 – What types of activities/services would be considered exchange transactions in the context of the relationship between CDOT and HPTE?**

According to the FASB ASC Master Glossary, an exchange transaction is a reciprocal transfer between two entities that results in one of the entity's acquiring assets or services or satisfying liabilities by surrendering other assets or services or incurring other obligations. Additionally, according to GASB Codification N50.104; in a nonexchange transaction, a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value. Additionally, according to GASB Codification N50.104, a grant is a transaction in which one governmental entity transfers cash or other items of value to another governmental entity as a means of sharing program costs, subsidizing other governments or entities or otherwise reallocating resources to the recipients.

An exchange transaction will occur if CDOT purchases specific services from HPTE and is reimbursed at the market value of the services (i.e. HPTE receives an equal value of exchange for its services). The services described above in the background section could be considered services that would qualify as an exchange transaction if CDOT is reimbursed by HPTE at an equal value. As long as the funds being reimbursed to HPTE from CDOT were for services of equal value, the funding would not be considered a nonexchange transaction or grant under GASB. This arrangement is similar to other arrangements in the state, as discussed below, including Correctional Industries and Fee-For-Service contracts between the Colorado Commission on Higher Education and colleges/universities.

**Issue #2 – Is there support in the form of historical state practice that support exchange transactions between an Enterprise and Governmental Funded activity?**

There appears to be support in historical state practice for exchange transactions between an Enterprise and Governmental Funded activity.

An enterprise is a government-owned business who is authorized to issue its own revenue bonds and received less than 10% of its annual revenue from grants from all Colorado state and local governments combined. The Colorado Revised Statutes (C.R.S) 24.77.102 (7) (a) define grant to mean any direct cash subsidy or other direct contribution of money from the state or any local government in Colorado which is not required to be repaid.

According to AG opinion No. 97-01 dated March 11, 1997, “to satisfy the definition of an “enterprise” under TABOR, the enterprise must be an independent, self-supporting government-owned business that receives income, fees, and revenue in return for the provision of goods or services. The very concept of an enterprise under TABOR envisions an entity that is owned by a government institution, but is financially distinct from it. The financial affairs of the enterprise must be those of a self-supporting business-like activity that provides goods and services for a fee. The activities engaged in by the enterprise must bear the indicia of arms-length, market exchanges, and goods and services must be provided at a market rate sufficient for the independent operation of the enterprise”.

As noted in Issue #1, an exchange transaction is one where a government gives value to another party with directly receiving equal value in exchange (i.e. the market rate).

In AG opinion No.91-01 dated March 11, 1997, the AG issued an opinion in regards to if the Colorado Correctional Industries revenue for the production and sale of a specific good (license plates, tags, etc.) that was paid for by a direct appropriation from another agency automatically defeated their enterprise designation for TABOR purposes. The relevant excerpts of this opinion are below:

“The substance of the business arrangement for all of the years is that the Department of Revenue entered into a written Letter Agreement with Correctional Industries for each fiscal year. The Letter Agreement set out the amount to be paid per unit produced and the process of manufacture. Pursuant to this Agreement, Correctional Industries submitted a monthly bill to the State Treasurer for the amount due based upon the transmittal listing and invoices for the goods produced. This billing indicated the specific number of each type of license plate, tab and decal provided by Correctional Industries. The billing also included a twenty percent profit. Based on this bill, the Treasurer then paid Correctional Industries each month for each license plate, tag and decal ordered and produced.

Since the amounts received by Correctional Industries were for units produced at a set fee, the transactions are not a grant or subsidy as defined in section 24-77-102(7), C.R.S. That statute provides that a "grant" does not include any "revenues resulting from rates, fees, assessments, or other charges imposed by an enterprise for the provision of goods or services by such enterprise".

The amounts received by Correctional Industries enterprise, were in return for the provision of specific goods, and Correctional Industries, therefore, acted as an enterprise consistent with TABOR.”

In the fall of 2005, the State of Colorado instituted Fee-For-Service (FFS) contracts as the second piece of its change to the funding system for public higher education. Each public institution must enter into FFS contracts with the Colorado Department of Higher Education (CCHHE). Senate Bill 04-189 states that

beginning July 1, 2005, the governing board of a state institution of higher education may annually negotiate a fee-for-service contract with CCHE for the delivery of higher education services by the institution to the residents of the state of Colorado. Institutions have the ability to negotiate terms of the contract such as services to be provided and performance measures. CCHE is responsible for negotiating the rate (or price). To do this, CCHE calculates a market rate using state-wide information on the cost of service. CCHE commissioned a third-party study to determine this rate.

Each public institution must enter into a performance contract with CCHE, which is an addendum to the FFS contract. This performance contract outlines general activities that will be performed by each institution, which are similar to activities performed in prior years. The FFS contract includes a Statement of Work.

Since inception of these contracts, FFS contracts revenue have been considered operating revenue. Both the State Controller's Office and Office of the State Auditor has concurred with this conclusion.

- An exchange is occurring between the State (CCHE) and the university/college. CCHE purchases credit hours from university/college for courses that it chooses. CCHE pays a market rate, as determined by a third-party study based on cost of service state-wide. The services purchased are determined by CCHE and are targeted to areas that most benefit the State.
- Contracts are in place between CCHE and university/college to ensure accountability and reporting mechanisms. The contract contains a provision regarding credit hours. If the agreed-upon number of credit hours are not provided, CCHE shall adjust the payment to university/college.
- The State's Long Bill appropriates general fund monies to the College Opportunity Fund the Department of Higher Education for each institution. From these monies, a portion is to be used for COF stipend payments and a portion for FFS contracts. The State can make supplemental appropriations to increase either portion.

Based on the AG Opinion above in reference to the Colorado Correctional Industries, revenue received from another state agency should be "for the provision of a specific good" and "produced at a set fee" to be TABOR-exempt. This is similar to the historical practice of fee-for-service contracts within higher education. Additionally, based on the forthcoming FASB guidance for revenue recognition for contracts, the entity's promised services to be provided should be "distinct" and "separately identifiable from other promises in the contract."

**Issue #3 – What information and other factors is evidenced in the Scope Work to evidence an exchange will occur between CDOT and HPTE?**

CDOT and HPTE will execute an Interagency Agreement (IAA), including a specific scope of work, to evidence the transaction between the two parties. See Attachment 1 for Fiscal Year 2016 Colorado Transportation Enterprise Scope of Work. The scope of work includes the following to support the exchange transaction:

- A description of the separately identifiable services HPTE will provide to CDOT. The services are specifically identified under each project as well as under Overall Program Services.
- Rights of each entity included in the IAA (that is, who has rights to terminate the agreement). See Section XX of IAA.
- Reporting and measurement of the identifiable services described in the scope of work. The Scope of Work specifically states that "On the 15th of January and July of each fiscal year, HPTE

will submit a progress report that includes a summary of its activities for the previous six months as well as a status report on the progress being made to accomplish the tasks outlined in this scope of work. The submission of the semi-annual reports will be used by HPTE and CDOT to recognize revenue and expenses, respectively.” The scope of work contains an estimated value for each project and type of services (i.e. program planning, program development, etc.)

- Market rate to be reimbursed to HPTE for each type of service provided to CDOT (that is, an IAA that provides for an arm’s length transaction). The IAA contains the amount that CDOT and HPTE concluded was to be paid for the services provided, \$2 million for fiscal year 2016. As discussed below, that amount is supported by a third party study. In addition, the scope of work and value of services provided to CDOT does not exceed the HPTE fiscal year 2016 budget of \$2.6M for Funds 537.
- Invoicing and payment terms for when services are transferred to CDOT (including parties’ rights to terminate the IAA for nonperformance). The scope of work states “on an annual basis, CDOT will pre-pay for services being provided by HPTE starting in fiscal year 2016. In order to receive payment, HPTE will submit a bill to CDOT at the beginning of each fiscal year on July 1st.” On July 1<sup>st</sup>, the \$2 million will be recorded as deferred revenue and HPTE will recognize revenue on a pro-rata basis during the year. HPTE will “true-up” the balances at mid-year and year-end based on services provided.

**Issue #4 - Is the exchange transaction between CDOT and HPTE at market value? If so, what evidence exists to support this assertion?**

As noted in Issue #2, an estimate of the value of the services to be provided to CDOT from HPTE should be performed to establish that the transactions between the two entities’ are at arm’s length. According to AU-C Section 550.A47, to substantiate an assertion that a related party transaction was conducted on terms equivalent to those prevailing in an arm’s length transaction, management’s support for that assertion could include the following: a) comparing the terms of the related party transaction to those of an identical or similar transaction with one or more unrelated parties, b) engage an external specialist to determine a market value and confirm market terms and conditions for the transaction, or c) compare the terms of the transaction to known market terms for broadly similar transactions on an open market.

CDOT engaged Stifel, Nicolaus & Company, Incorporated (Stifel) to prepare an analysis of the market values of the services HPTE provides to CDOT. **See Attachment 2.** Stifel used publicly available documents from other tolling agencies through the country to assess the value of the benefit. The operations and financial statements of the other tolling agencies around the country were reviewed, with the objective of quantifying the benefit HPTE provides to CDOT. The basic functions HPTE provides to CDOT were broken out into five major categories (overall program, program planning, project development, project procurement, and construction). Utilizing the assessment, five comparable tolling agencies were assigned to each of the five major categories, in which each agency best matched the description of each category. An expense factor calculation was used to adjust for the size of each agency relative to HPTE.

The Stifel report states that five comparable tolling agencies were selected and assigned to each of the five major service categories. The entities were selected based on the availability of public information. E-470 Public Highway Authority was selected as a local benchmark, Foothills/Eastern Transportation Corridor Agency was selected due to operations of managed lanes, the Oklahoma Turnpike Authority

was selected as a regional larger benchmark, and the Central Texas Regional Mobility Authority was selected as they had public information on a fee for service arrangement. Although all of the comparable entities are tolling authorities, the entities also construct and design highways in addition to tolling. Budgeted annual expenses of \$2M and comparable institutions operating expenses were used as a base for determining the estimated annual value of HPTE services to CDOT based on a factor. The factor is calculated by taking the HPTE budgeted annual expense divided by the total comparable expense. The estimated value is derived by taking the comparable entity's actual operating expenditures multiplied by the factor. The value calculated by Stifel is a lump sum estimated annual value of the benefit HPTE gives to CDOT in the amount of \$2.7M.

Stifel's conclusion states the following "HPTE provides the necessary benefit to CDOT (based on comparable tolling agencies and their related publicly available documents) to continue to provide these benefits to CDOT, while also repaying the Enterprise's obligation (principal & interest) back to the Transportation Commission within a 10-year period".

### **Overall Conclusion**

Based on the information noted above, CDOT and HPTE conclude that the Scope of Work included as Attachment 1 provides the appropriate basis for an exchange transaction between the parties. The amount to be paid by CDOT for services provided by HPTE is supported by market information developed by Stifel. As evidenced by the Colorado Department of Higher Education contracts, there is a basis in the State for exchange transactions between Enterprises and Government Funded activities.

**Colorado High Performance Transportation Enterprise Scope of Work  
Fiscal Year 2016**

**Overview**

In order to accelerate the development and delivery of critical transportation infrastructure projects through the use of innovative financing, the Colorado Department of Transportation (CDOT) utilizes the expertise and legal power of the High Performance Transportation Enterprise (HPTE). In 2009, the HPTE was created under 43-4-806 C.R.S., known as FASTER, in order to accelerate critical surface transportation infrastructure projects throughout the state. To achieve this objective the HPTE was given the power to enter into public-private partnerships, impose user fees on surface transportation projects, issue revenue bonds and enter into private commercial loan agreements.

Due to Taxpayer Bill of Rights (TABOR) restrictions, CDOT cannot exercise these powers. However as a division of CDOT, HPTE is considered a government owned business, which exempts it from the TABOR restrictions. The powers given to the HPTE through statute provide a direct benefit to CDOT and the traveling public by accelerating infrastructure projects that ordinarily would not be undertaken due to a constrained fiscal environment.

This scope of work documents the duties and tasks that CDOT directs the HPTE to manage and oversee for fiscal year 2016. In exchange, CDOT will compensate the HPTE with an upfront payment for its services. Associated costs for the completion of main project duties are broken down into specific categories of work performed.

**Scope of Work Duration**

This scope of work outlines services that will be provided by HPTE over a one year period that will commence on July 1, 2015 and end on June 30, 2016. A new scope of work for fiscal year 2017 will be due by May 1, 2016.

**Billing and Reporting**

On an annual basis, CDOT will pre-pay for services being provided by HPTE starting in fiscal year 2016. In order to receive payment, HPTE will submit a bill to CDOT at the beginning of each fiscal year on July 1st.

On the 15th of January and July of each fiscal year, HPTE will submit a progress report that includes a summary of its activities for the previous six months as well as a status report on the progress being made to accomplish the tasks outlined in this scope of work. The submission of the semi-annual reports will be used by HPTE and CDOT to recognize revenue and expenses, respectively.

**HPTE Corridor Development and Services Provided**

HPTE manages and leads the development of many critical surface transportation projects on behalf of CDOT. These projects are in key corridors around the state that when completed, will increase choice, promote carpooling, expand capacity, and assist with traffic demand management. By using the rights given to HPTE through statute, CDOT is able to improve congestion on these corridors and accelerate these infrastructure projects that ordinarily would not be undertaken. To deliver these projects, HPTE is providing services that fall into five general categories: Overall Program, Program Planning, Project Development, Project Procurement and Construction. Each category is defined as follows:

**Overall Program:** shall mean services that support HPTE's overall mission of accelerating the delivery of critical surface transportation projects throughout the state. This can include work related to the development of HPTE's overall program strategy, looking at how HPTE's system of projects can integrate effectively into the existing transportation system, conducting feasibility studies on potential future projects as well as improving access and use of P3 resources.

**Program Planning:** shall mean services that support the development of a specific corridor as a whole but are not related to project construction. This can include public education and outreach as well as coordination with local governments and project stakeholders. Program planning activities are necessary to ensure the success and use of HPTE corridors.

**Project Development:** shall mean services that include, but are not limited to, the planning and design of public-private partnerships, express lane facilities, other revenue generating projects as well as providing oversight duties and contract management on executed concession agreements.

**Project Procurement:** shall mean all services that deal with procuring and securing funding for public-private partnerships, express lane facilities or other revenue generating projects.

**Construction:** shall include all services that deal with the oversight of construction and operation and maintenance activities. Also includes approving and overseeing the change order process set forth in the construction contract.

CDOT uses these categories to define the specific tasks that will be managed by HPTE over the duration of this scope of work. Organizing these tasks by specific project and/or corridor will allow HPTE to demonstrate the progress being made on these tasks and validate the exchange of services between CDOT and HPTE.

### **US 36 Managed Lanes / Bus Rapid Transit Project**

**Summary of Work:** Plenary Roads Denver (PRD) operations and maintenance requirements under the Concession Agreement are performance driven, that is, if certain performance measures are not met, HPTE has the power to assess non-compliance points to PRD. If PRD does not adequately cure the reason why they received non-compliance points they will be required to compensate HPTE. Both HPTE and CDOT have responsibilities for monitoring the Concession Agreement.

In order to complete the project, HPTE is tasked with providing the following services:



## Project Development

### *Concession Agreement Management and Oversight*

CDOT tasks HPTE to ensure that all operations and maintenance (O&M) requirements set out under the Concession Agreement with PRD are being met. All requirements are performance driven, and if certain performance measures are not met, such as maintain tolling equipment, adequate incident management, routine maintenance, and snow and ice removal, HPTE has the power to assess non-compliance points to PRD. If PRD does not adequately fix the reason why they received non-compliance points they will be required to monetarily compensate HPTE on behalf of CDOT.

In addition to monitoring all O&M requirements, CDOT tasks HPTE with ensuring proper oversight on the financial and engineering aspects of the project. To ensure short-term financial oversight on the US36 project HPTE has hired and will oversee the work of the financial advisory firm McGladrey. CDOT also tasks HPTE to work with its Office of Major Project Development (OMPD) to implement a long-term financial oversight plan once the project is completed and in-service. HPTE will also provide support and oversight on a contract managed by OMPD that provides engineering oversight on the project.

CDOT also tasks HPTE to spearhead the following efforts:

- Coordinate with CDOT Region 1 staff, OMPD and the CDOT's Communications Office on all stakeholder outreach efforts. **Timeline:** This work will be on-going.
- Work with OMPD to develop scenario workshops, which will educate and obtain input from CDOT O&M personnel on the performance standards and related requirements outlined in the concession agreement, as required by the March 30, 2015 US 36 Audit. **Timeline:** All scenario workshops will be completed by September 30, 2015
- Work with Region 1, OMPD staff and the CDOT annual budget team to develop a budget for routine maintenance and snow and ice removal costs. In addition, CDOT will have cost savings in routine maintenance and snow removal due to the concession agreement. These cost savings will also be passed through from HPTE to CDOT. **Timeline:** This will be completed by September 15, 2015.

### **Project Procurement:**

HPTE will hire CDOT Engineers to manage the construction and change order procedure set forth in the Concession Agreement for the Phase 2 Project on HPTE's behalf.

### **Summary of Duties and Value of Services for US36 Managed Lanes/Bus Rapid Transit Project:**

CATEGORY	VALUE
Project Development	\$450,000
Project Procurement	\$50,000
<b>Total Project Value</b>	<b>\$500,000</b>

## **I-70 East Corridor Design Build Finance Operate Maintain Project (DBFOM)**

**Summary of Work:** On March 25, 2015 CDOT/HPTE released the Request for Qualifications (RFQ) for the I-70 East Project, which will lead to the shortlisting of no more than four proposers by mid-summer. A draft Request for Proposal (RFP) and Concession Agreement will be released soon thereafter. This will then lead to a series of one-on-one meetings where the final project documents are negotiated.

In order to support the development of the I-70 East project, CDOT tasks HPTE with providing the following services:

**Project Development**

Support OMPD’s other primary responsibilities as they related to the I-70 East Project (see Attachment A to the September 30, 2013 MOU for specifics). This will be complete by June 30, 2016.

**Project Procurement**

CDOT tasks HPTE to lead the procurement process and complete the following duties:

- Review and comment on all documents prepared by legal counsel
- Work with the Colorado Bridge Enterprise (CBE) and OMPD to prepare the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan and Private Activity Bonds (PABs) applications
- Review and comment on other consultants work product, for example, technical requirements, tolling requirements, project staffing levels
- Participate in meetings with CDOT/HPTE consultants to keep the procurement process on schedule
- Participate in one-on-one meetings with the shortlisted proposers
- Lead or assist (depending on the funding source) the procurement process of additional personal services for the project
- Lead the TIFIA and PABs application and negotiation process
- Assist CDOT OMPD with the project’s tolling strategy
- Lead negotiations with stakeholders to procure additional project funding

**Timeline:** These duties will be complete by June 30, 2016.

**Summary of Duties and Value of Services for I-70 East Corridor Project:**

CATEGORY	VALUE
<b>Project Development</b>	\$100,000
<b>Project Procurement</b>	\$200,000
<b>Total Project Value</b>	<b>\$300,000</b>

**C-470 Express Lanes Project**

**Summary of Work:** This project is being procured using the Design Build method, and will not be a Public-Private Partnership like US 36 or I-70 East. This project is anticipated to be under construction by the summer of 2016. HPTE will help secure both a TIFIA Loan and PABs for the project.

In order to support the development of the C-470 project, CDOT tasks HPTE with providing the following services:

**Program Planning**

- Coordinate with CDOT Region 1, OMPD, and the CDOT Communications Office regarding stakeholder outreach
- Support OMPD’s other primary responsibilities as they related to the C470 Project (see Attachment A to the September 30, 2013 MOU for specifics)
- Complete by June 30, 2016.

**Project Development**

- Prepare the TIFIA and PABs applications
- Pay TIFIA’s \$100,000 credit worthiness fee
- Hire Rating Agency to provide rating for Level 3 Traffic and Revenue Study (\$200,000).
- Prepare finance plan and other related documents relating to the TIFIA loan
- Work with legal counsel and other consultants regarding the TIFIA loan, PABs and other potential financing for the project
- Work with OMPD to develop a tolling strategy for the corridor
- Coordinate with E470 and OMPD on the toll installation and testing of the hardware and software on the express lanes

**Timeline:** The TIFIA loan and PABs are anticipated to close in the second quarter of calendar year 2016.

**Summary of Duties and Value of Services for C-470 Express Lanes Project:**

CATEGORY	VALUE
Project Planning	\$200,000
Project Development	\$400,000
<b>Total Project Value</b>	<b>\$600,000</b>

**I-25 North Project Segment 2 and 3**

**Summary of Work:** This two segment project is being procured using the Design Bid Build method, and will not be a Public-Private Partnership. Segment 2 is scheduled to open for tolling in January 2016 and Segment 3 is scheduled to open for tolling in February 2016.

In order to complete segment two and three of this project, HPTE is tasked with providing the following services:

**Program Planning**

- Coordinate with CDOT Region 1, OMPD, and the CDOT Communications Office regarding stakeholder outreach

### **Project Development**

- Coordinate with CDOT OMPD, Region 1 and 4 staff regarding the tolling strategies for each segment
- Coordinate with E470 on the toll installation and testing of the hardware and software on the express lanes through late 2015, early 2016.

### **Construction**

While CDOT regions 1 and 4 are providing the funding for these projects, once construction is completed, CDOT tasks HPTE with operating and maintaining the managed lanes on this project.

**Timeline:** Construction will be done in October 2015.

### **Summary of Duties and Value of Services for I-25 North (Segment 2 and 3) Project:**

CATEGORY	VALUE
Project Planning	\$15,000
Project Development	\$50,000
<b>Total Project Value</b>	<b>\$65,000</b>

### **I-70 West Peak Period Shoulder Lane Project (East Bound)**

**Summary of Work:** On December 19, 2014 HPTE entered into a Loan Agreement with Banc of America for \$25 million to close the funding gap on the project and help the construction of the west bound Peak Period Shoulder Lane (PPSL) from Empire Junction to the Twin Tunnels on I-70. The PPSL will be open for tolling on or around November 1, 2015.

In order to complete the project, CDOT tasks HPTE with providing the following services:

#### **Program Planning**

- Coordinate with CDOT Region 1, OMPD, and the CDOT Communications Office regarding stakeholder outreach

#### **Project Development**

- Coordinate with CDOT to ensure HPTE is complying with the December 19, 2014 Intra Agency Agreement (IAA) between CDOT and HPTE
- Coordinate with legal counsel, the Attorney General's Office, CDOT Region 1 and OMPD staff to ensure HPTE is complying with the covenants in the loan agreement
- Coordinate with CDOT, OMPD and Region 1 staff regarding the PPSL tolling strategies
- Coordinate with E470 and OMPD on the toll installation and testing of the hardware and software on the PPSL through late summer, early fall 2015.

#### **Construction**

Once construction is completed, CDOT tasks HPTE with operating and maintaining the managed lanes on this project per the Memorandum of Understanding (MOU) with the Federal Highway Administration (FHWA) and Clear Creek County.

**Summary of Duties and Value of Services for I-70 West PPSL Project (East Bound) Project:**

CATEGORY	VALUE
Project Planning	\$30,000
Project Development	\$100,000
Construction	\$50,000
<b>Total</b>	<b>\$180,000</b>

**Overall Program Services**

**Increase Transparency and Education on Public-Private Partnerships**

To ensure effective and comprehensive public outreach and education around Public-Private Partnerships (P3) projects. CDOT tasks HPTE with the following tasks:

- Conduct telephone town halls as required by the Transparency Policy
- Conduct online surveys to gauge public sentiment
- Conduct public meetings and stakeholder outreach as required by the Transparency Policy
- Maintain current and updated information on project websites regarding project status and public participation activities and events.
- Produce Annual Report to Colorado General Assembly as required by 43-4-806 C.R.S.

**Timeline:** These duties will complete by June 30, 2016. **Value: \$240,000**

**Implement a Document Management System for P3 and Major Projects**

As required by the March 30, 2015 Audit, HPTE has procured and will implement an online document management platform created by Aconex. Aconex cloud-based construction project management software provides transparency and control from the moment a project is conceived through close-out, handover and operations. This platform will allow HPTE and CDOT to collaborate securely, efficiently and easily with project contractors, construction managers, region engineers and consultants. HPTE will be solely responsible for the management and oversight of this contract.

**Timeline:** This will be complete by December 31, 2015. **Value: \$225,000**

**Development of a P3 Manual**

As required by the March 30, 2015 Audit, HPTE is in the process of procuring RS&H to develop a P3 Manual to provide a framework for both HPTE and CDOT for the development, implementation and oversight of P3 Projects. The P3 Manual will build upon the best practices and help to improve on lessons learned from the US-36 P3 Project and the early stages of the I-70 East P3 Project plus other industry best practices to address P3 program development and management and walk through the different stages of project development to help set roles and responsibilities to ensure timely and responsive actions that are needed between HPTE and CDOT to address common needs of P3 projects. The manual will be divided into 5 sections starting with: 1) P3 program development and management; 2) project planning and developmental/pre-procurement phase; 3) project procurement phase; 4) project implementation phase; and 5) project operations phase.

**Timeline:** HPTE will enter into a four year agreement with Aconex by mid-June 2015. **Value: \$200,000 / year.**