



Date: April 14, 2021
To: High-Performance Transportation Enterprise Board / Colorado Transportation Commission
From: Nick Farber, Director, HPTE
Subject: Burnham Yard Acquisition Update

Purpose

The purpose of this memo is to describe the HPTE/CDOT acquisition of the Union Pacific Railroad (“UPRR”) Burnham Yard Property.

Action

No action at this time - information only. See below for when action is anticipated by the Board and Transportation Commission.

Background:

At the last discussion with the Transportation Commission (TC) and the HPTE Board, Commissioners and Directors expressed some concerns about moving forward with the purchase for the following reasons:

1. Ambiguity about project purpose and concern about moving forward absent clarity that the main purpose was to renovate I-25 and add a managed lane similar to other portions of I-25;
2. Taking too much risk, especially related to non-transportation elements of the project – including risks associated with the resale of future parcels;
3. CDOT/HPTE purchasing (or retaining possession during planning) of the whole property and not just the parcels that might be relevant to transportation;
4. Wariness of CDOT operating outside its scope of responsibility and venturing into vertical development;
5. The amount of money at play in the loan and opportunity cost relative to other projects that could be completed, e.g. several smaller mobility hubs.

Responsive to those concerns, CDOT/HPTE, at the Governor’s direction, are working with peer agencies to develop a clear bifurcation of risk and responsibilities associated with working in and around the area. The concept we are developing would ask other agencies, including at least the Colorado Office of Economic Development and International Trade (OEDIT) and the Colorado Department of Local Affairs (DOLA), to reimburse CDOT for half of the down payment, and then offset the risk to CDOT for the non-transportation portion of the property while also leading discussions about non-transportation topics such as housing and economic development. CDOT will then begin an environmental impact statement (EIS) of a proposed multimodal project combining managed lane infrastructure with a hub for current I-25 rapid transit and prospective future front range rail.

Also, the state has committed to continuing to work to find other funding sources they may use to either purchase parcels of the site from CDOT or to help repay debt obligations in a more expedited manner and to mitigate CDOT and HPTE’s risk on the loan. Given the influx of stimulus funds (federal and state) directed toward housing and economic development, this property presents a unique opportunity for the state to expand economic and housing opportunities for Denver and the metro region while also enhancing mobility options through expanded transit and possible front range rail.

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Funding Plan:

Here is the current plan for funding the acquisition of the property:

<u>Sources</u>		<u>Uses</u>	
HPTE Loan	\$40M	Purchase Price	\$50M
CDOT/OEDIT Funds	\$15M	Other Property Costs	\$5M
Total	\$55M	Total Uses	\$55M

HPTE will set aside approximately \$5 million to cover environmental, land use planning, and/or other costs to be spent during the next three to five years on improvements to the property, which would be expected to increase property value and facilitate a disposition to a developer. CDOT and HPTE anticipate retaining around 17 acres for future transportation use and will be working with the City and County of Denver and stakeholders on a two to three-year Small Area Plan to determine specific mobility needs and a purpose and need for other potential projects.

Originally, CDOT and HPTE envisioned using \$50 million of SB 267 highway funds to acquire the property, but when CDOT revenue declined severely in March and early April because of the COVID-19 pandemic, HPTE and the UPRR decided to pause the procurement of the project. In June 2020, HPTE approached the UPRR with a plan to acquire the property with an FRA Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant and a USDOT Railroad Rehabilitation and Improvement Financing (RRIF) loan. In September HPTE found out that it was unsuccessful in obtaining the CRISI grant, and notified the UPRR that it would pursue a 100 percent RRIF loan. Over the next two months, HPTE worked closely with the RRIF loan program, which ultimately came to the conclusion that the property acquisition was not eligible for RRIF loan financing in late December.

Next Steps:

HPTE will bring the Purchase and Sale Agreement to the Board for approval in May and bring the CDOT-HPTE Burnham Yard Intra-Agency Lease Agreement (IAA) to the Board and Transportation Commission for approval in May as well. HPTE will also seek approval for the financing from the Board in May and aims to reach financial close by the end of May. IAAs document the terms and conditions of CDOT and HPTE work together on shared projects. Because HPTE has more flexibility to both purchase property and to borrow funds, HPTE can act as a conduit for CDOT. HPTE anticipates that the updated CDOT-HPTE Burnham Yard IAA will outline CDOT’s payment structure to HPTE, which will improve the creditworthiness of the project.

CDOT and HPTE will also enter into negotiations on Intra-Agency Agreements (IGA) with other state agencies, such as OEDIT and DOLA, on up-front contributions in pre-paid lease payments or the defrayal of CDOT and HPTE’s risk on non-transportation related parcels. HPTE will bring the IGAs to the Board and Commission for approval near the time when funded is needed.

Over the next three to five years, HPTE and CDOT will:

- Initiate an EIS on I-25 to identify the exact right-of-way needed and for possible Express Lanes, needed mobility, and transit improvements.
- Work closely with the City and County of Denver on a Small Area Plan (two-and-a-half-year process).
- Engage a planning development consultant.

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- Determine the extent of environmental remediation the state will participate in on the property and what can be left to a developer.
- Determine the exact amount of right-of-way needed for future transportation needs.
- Solicit the land for sale.
- Develop and execute a Purchase and Sale Agreement.
- Close on the property.
- Defeasement HPTE land acquisition-related debt.

Attachment

Attachment A: Burnham Yard Update PowerPoint presentation.