

MEMORANDUM

TO: CTIO¹ BOARD OF DIRECTORS / COLORADO TRANSPORTATION COMMISSION
FROM: NICK FARBER, DIRECTOR, CTIO; GEORGE HYPOLITE, CTIO GENERAL COUNSEL
SUBJECT: FIRST AMENDMENT TO INTRA-AGENCY AGREEMENT BETWEEN CTIO AND CDOT REGARDING FLOYD HILL REVENUE GAP STUDY
DATE: JUNE 15, 2022

Purpose

The purpose of this memo is to describe the First Amendment to the Floyd Hill Revenue Gap Study Intra-Agency Agreement (IAA) between the Colorado Department of Transportation (CDOT) and the Colorado Transportation Investment Office (CTIO) to reflect additional Scope of Work (SOW) and CDOT's contribution toward the procurement of a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan on the I-70 Floyd Hill Project.

Action

The CTIO Board of Directors (the Board) and Transportation Commission (TC) are asked to adopt a resolution that supports the staff recommendation to approve the First Amendment to the IAA. The additional funding being requested as part of this IAA Amendment will be brought before the TC as part of the CDOT 8th Budget Amendment.

Project Background

The Floyd Hill to Veterans Memorial Tunnels project is on I-70 West of Denver Metro in Clear Creek and Jefferson Counties. This corridor is critical for commuters, recreational travelers, and commerce and is the primary east-west route in Colorado. The project is currently only moving forward with the Canyon Viaduct Alternative, the preferred alternative in the Environmental Assessment.

Currently, it is projected that the total cost of the Floyd Hill Project is \$700 million. CDOT has identified \$460 million in total funding, including \$135 million in SB-267 strategic funds and an estimated \$325 million in combined enterprise financing from the Bridge and Tunnel Enterprise (BTE) and CTIO. This includes a maximum of \$260 million in BTE-eligible project scope to address two deficient bridges based on preliminary cost estimates. As presented in May 2022 during the Floyd Hill Project Update Workshop, CDOT intends to submit a joint application for the three funding programs, MEGA, INFRA, and RURAL, which are combined under the Multimodal Project Discretionary Grant Opportunity, to fill the remaining funding gap of \$240 million.

Overview of the IAA

In January 2020, the Board and the TC approved the original IAA, and in May 2020, CTIO embarked on a Floyd Hill Funding Gap Study with the assistance of the I-70 Collaborative Effort to determine how much

¹ The High Performance Transportation Enterprise (HPTE) is now doing business as the Colorado Transportation Investment Office (CTIO). CTIO is how the enterprise refers to itself now and in the future. However, the HPTE name is retained for legislative and legal documents.

and the continuation of both the eastbound and westbound Mountain Express Lane operation restrictions. The Funding Gap Study was finished earlier this year and identified that CTIO can contribute between \$60 and \$80 million through toll-backed revenue bonds or around \$165 million through a TIFIA loan.² CTIO plans to pursue a TIFIA loan for the Floyd Hill project through the USDOT Build America Bureau (BAB) based on the Funding Gap Study results.

IAAs between CDOT and CTIO document the substantive terms of how CDOT and CTIO work together and allocate rights and responsibilities on shared projects. This IAA states that because of CTIO's expertise and legal powers unavailable to CDOT and CTIO's experience in procuring TIFIA Loans, e.g., US 36, C-470, and I-25 North, CDOT desires to provide funding to CTIO for the procurement of a Floyd Hill TIFIA Loan. The procurement of the loan is expected to cost \$2.4 million.³

CTIO, CDOT, and the Floyd Hill Project team have agreed to fund the current request from the existing \$135.0 M in SB 267 funds approved for the Floyd Hill project. Since funds to cover the proposal have already been identified, staff is only requesting TC and Board approval of the First Amendment. If approved, staff will move funds from the existing project to be available for CTIO to deliver the SOW being proposed under the First Amendment.

Options/Decision Matrix

1. **Staff Recommendation:** Approve the First Amendment to the IAA between CDOT and CTIO and the additional payment of \$2.4 M.
2. Review the proposed First Amendment to the IAA and provide instructions on changes or revisions.
3. Review but do not approve the First Amendment to the IAA. Direct CTIO and CDOT to find other ways to fill the funding gap on Floyd Hill.

Next Steps

If approved, CTIO will commence the contracting process with our traffic and revenue advisor to begin an investment-grade traffic and revenue study, hire financial advisors to assist with the TIFIA loan procurement, and hire legal counsel to negotiate the loan between CTIO and the BAB.

Attachments

- First Amendment to the Floyd Hill Revenue Gap Study IAA
- Resolution #393

² The TIFIA loan amount assumes a 30-year loan at a 3.07 percent interest rate (as of June 1, 2022).

³ This number includes \$1.7 million for CTIO time and consultant costs and \$675,000 for TIFIA's costs, which CTIO is required to pay.