### MEMORANDUM OF UNDERSTANDING

## By and between the

## COLORADO DEPARTMENT OF TRANSPORTATION

#### AND

### HIGH PERFORMANCE TRANSPORTATION ENTERPRISE

THIS AMEN	DED MEMORANDUM OF UNDERSTANDING, entered into as of the
day of	, 2020, by and between the Colorado Department of
Transportation ("CI	DOT"), an agency of the State of Colorado ("State"), and the High
Performance Trans	portation Enterprise ("HPTE"), a government-owned business
created as a Division	on of CDOT by the "Funding Advancements for Surface
Transportation and	Economic Recovery Act of 2009" ("FASTER"). CDOT and HPTE
are referred to in th	is Memorandum of Understanding individually as a "Party" and jointly
as the "Parties".	

### **RECITALS**

WHEREAS, CDOT has the responsibility to plan, develop, construct, coordinate, and promote an integrated transportation system within the State; and

WHEREAS, the General Assembly of the State found and determined in FASTER (Section 43-4-806(1), C.R.S.) that:

- (a) It is necessary, appropriate and in the best interests of the State 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; and
- (b) The HPTE should actively seek out opportunities for public-private partnerships for the purpose of completing surface transportation infrastructure projects; and
- (c) The authority of the HPTE should be broadly construed to allow HPTE sufficient flexibility, consistent with the requirements of the state constitution, to pursue any available means of financing such surface transportation infrastructure projects that will allow the efficient completion of the projects; and

(d) The types of innovative financing opportunities include, but are not limited to, public-private partnerships, operating concession agreements, user fee-based project financing, and availability payment and design-build contracting; and

WHEREAS, FASTER (Section 43-4-806(2), C.R.S.) created an HPTE board ("Board") and the Board adopted on November 17, 2010, Articles of Organization (as amended from time to time "Articles of Incorporation") and Bylaws (as amended from time to time "Bylaws") providing for its operation and management and setting forth its powers; and

WHEREAS, FASTER (Section 43-4-806(2)(d), C.R.S.) provides that the HPTE shall constitute an "enterprise" for purposes of section 20 of article X of the State Constitution so long as it receives less than ten percent of its total revenues in grants from all Colorado state and local governments combined; and

WHEREAS, the funding for HPTE is expected to be derived from multiple sources including toll revenues, work and fee for service and completion fee agreements with CDOT and other entities, concession fees, bond issuance fees, federal funds, and loans from the Transportation Commission; and

WHEREAS, FASTER (Sections 43-4-806(2)(c), 6(f) and (h), C.R.S.) authorizes HPTE to enter into agreements with the Transportation Commission or CDOT in furtherance of the purposes for which HPTE was created; and

WHEREAS, CDOT and HPTE have determined that it will advance and promote the respective missions of CDOT and HPTE to define and set forth in this Memorandum of Understanding their operating roles and responsibilities as they relate to those missions.

NOW, THEREFORE, in consideration of the mutual covenants, obligations, and conditions expressed below, the Parties understand and agree as follows:

#### **Article One**

### General Provisions

- 1.1 Definitions. Terms defined in FASTER (Section 43-4-803, C.R.S.) have the same meanings when used in this Memorandum of Understanding.
- 1.2 Effective Date and Term. This Memorandum of Understanding shall be effective immediately upon its execution and shall continue in effect until terminated in accordance with its terms.

1.3 Termination of Prior Memorandum Of Understanding. This Memorandum of Understanding constitutes the entire agreement between the Parties and terminates and supersedes any and all prior agreements.

# **Article Two**

## HPTE's Value to the State and CDOT

- 2.1 Colorado's highway infrastructure is severely congested and, in many areas, it is more than 50 years old and in need of repairs and maintenance. The rapid growth of Colorado's population points to even greater congestion in the decades ahead unless innovative ways to accelerate key projects are pursued.
- 2.2 As Colorado faces the realities of aging infrastructure, rapid population growth, and budgetary shortfalls, HPTE is a key means of exploring and developing innovative ways to address these challenges.
- 2.3 HPTE was formed to aggressively pursue innovative means of more efficiently financing important surface transportation infrastructure projects. Since the creation of the Enterprise, nine out of ten HPTE projects have used some form of innovative financing. Innovative financing enabled by HPTE, through Express Lanes, has helped deliver more than \$3 billion in projects in five years (2014-2019).
- 2.4 Without the use of Express Lanes as a financing tool, the state of Colorado would have had to find an additional \$1.27 billion in funds to deliver these projects. Otherwise, the projects would have been significantly delayed, the scope would have been reduced substantially, or money would have been reallocated from other projects around the state to fill the funding gaps. Without the use of Express Lanes as a financing tool, HPTE and CDOT would not have been able to deliver nine projects in five years, totaling more than \$3 billion in project value.
- 2.5 Instead, without tolled Express Lanes, CDOT would have been able to deliver one, or possibly two, of the projects, with a value well under \$1 billion.

### **Article Three**

### HPTE Services

3.1 Overall program management including the establishment of policies, strategic master planning, communications and marketing, establishment of procedures and budget planning and reporting.

- 3.2 Provide the necessary resources, in coordination with other CDOT divisions, and CDOT regions, for a unified management structure for the development and implementation of major projects. Major projects are defined as (i) projects involving public-private partnerships, other financing requiring the powers of HPTE, or other powers vested to HPTE pursuant to 43-4-806(6) C.R.S.; (ii) projects involving toll operations, technologies and equipment; or (iii) projects with non-traditional or innovative contracting methods requiring or otherwise benefitting from the centralized management or expertise of HPTE, to be determined by the Chief Engineer of CDOT (Chief Engineer), in coordination with the Director of HPTE as appropriate.
- 3.3 In order to determine the feasibility of candidate major projects as defined above, HPTE will lead the following development activities, which may occur concurrently with CDOT services identified below:
  - A. Traffic and revenue studies, value-for-money analyses and overall financial planning and feasibility;
  - B. Recommendation of a project delivery structure to pursue based on the outcome of item A.
  - C. Industry engagement, procurement, bidder selection, contract development, negotiations, contract award and monitoring.
- 3.4 HPTE support will come from full time employees, participating staff from appropriate CDOT divisions and regions on an as needed basis, and consultants as necessary to support the HPTE programmatic and project specific efforts.
- 3.5 In addition to working with CDOT to develop major projects, HPTE will also engage the private sector through its unsolicited proposal program. In November of 2020, the HPTE Board adopted a revised unsolicited proposal policy (superseding the 2019 version) for the acceptance and evaluation by CDOT and/or HPTE of unsolicited proposals involving potentially eligible major projects, which policy provides that HPTE shall be the sole entity within CDOT to receive and evaluate unsolicited proposals for any such projects which are expected to offer innovative and efficient means of completing surface transportation infrastructure projects or generate revenue and/or other value that will enable HPTE to better pursue its legislative mandate.
- 3.6 Funding for HPTE programmatic work and Express Lane operations will come from user fees generated on HPTE Express Lanes, Intra agency Agreements (IAA) entered into between CDOT and HPTE, including the annual Fee for Service IAA, as well as loans from the Transportation Commission that may be requested by HPTE under eligible agreements such as the Tolling Equipment Finance Agreement.
- 3.7 HPTE will prepare an annual budget, including travel plan, in the format and by the deadlines set by the CDOT Office of Financial Management and Budget (OFMB)

each year. HPTE agrees to coordinate the development of the budgets to assure consistency and completeness. This coordination does not limit the HPTE Board's authority during the fiscal year to adjust its budget as it deems necessary so long as those actions do not exceed annually available revenues, nor does it limit the Board's authority to delegate budget authority to the Director.

- 3.8 The HPTE annual budget may contain a request for a CDOT loan to fund staff positions and other program costs.
- 3.9 Pursuant to the statutory requirements of FASTER and except as the terms of any relevant project-specific agreements may otherwise require, HPTE shall use available revenues to repay CDOT loans at the discretion of the Board. Furthermore, at the discretion of the Board and based on the HPTE annual budget, excess revenue derived from project-related operations may be retained by the HPTE in the statewide transportation enterprise operating fund or the transportation special fund, pursuant to 43-4-806(4), after fulfillment of all appropriate obligations, for HPTE priorities and for the sustained operations of the HPTE.
- 3.10 In addition, the HPTE Director is also responsible for developing and implementing operating procedures and protocols and for communicating with and reporting to the Executive Director and Transportation Commission and to the HPTE Board, as outlined in the P3 Management Manual.

### Governance

3.11 The HPTE Board of Directors, which provides oversight of HPTE activities, consists of three members of the Transportation Commission (TC) and four members appointed by the Governor from each of the following geographic areas: (1) the planning area of the Denver Regional Council of Governments (DRCOG), (2) the planning area of the North Front Range Metropolitan Planning Organization (NFRMPO), (3) the planning area of the Pikes Peak Area Council of Governments, and (4) the I-70 Mountain Corridor area. To provide continuity, the Directors term expiration dates are staggered every two years. The HPTE Board of Directors generally meets on the third Wednesday of every month at CDOT Headquarters (2829 W. Howard Place, Denver). These meetings are open to the public under the Colorado Open Meetings Law.

#### **Article Four**

### CDOT Services

- 4.1 HPTE may, with the approval of and subject to such conditions as are imposed by the Executive Director, utilize the professional and administrative services of CDOT employees or agents and CDOT facilities in connection with its authorized activities.
- 4.2 In order to determine the feasibility of candidate major projects as defined above, CDOT will lead the following development activities, which may occur concurrently with HPTE services identified above:
  - A. Project scoping, conceptual design and preliminary environmental evaluations:
  - B. Input from affected stakeholders and the public to identify prioritized list of surface transportation projects by region e.g. Your Transportation Plan.
  - C. Identification of available project funding.
  - D. Leading the NEPA process on identified projects
- 4.3 Specific services CDOT will provide to the HPTE include but are not limited to accounting and budget support. CDOT's Chief Financial Officer (CFO) will act as the Chief Financial Officer for HPTE and ensure, among other things necessary for its ongoing budgetary and accounting needs, that HPTE's annual budget, budget supplements, ongoing accounting, and annual audited financial statements are prepared timely and correctly in accordance with FASTER and this Memorandum of Understanding. The CFO will ensure that accountants and budget analysts within the Division of Accounting and Finance assigned to support the HPTE will develop the specialized policies, procedures, and expertise required to meet the needs of HPTE.
- 4.4 CDOT staff will support HPTE with the preparation of contracts, Intra-Agency Agreements (IAA's) and Intergovernmental Agreements (IGA), the execution of task orders, the creation of purchase orders, the encumbrance of funds whether or not the state procurement code, or applicable Federal Purchasing Rules, are followed or not by HPTE, as long as they meet the HPTE Boards Guidelines and the state's fiscal rules. HPTE is exempt from state procurement laws, policies, and guidance. This is to allow flexibility to implement P3 projects in the most efficient and cost-effective manner.
- 4.5 CDOT Office of Communications will support HPTE staff and consultants in establishing a broad understanding among key stakeholders and members of the general public of HPTE's mission, its policies and procedures, and how the HPTE is improving mobility in the state, particularly through the use of Express Lanes. The CDOT communications team also provides direction and support to HPTE consultants on outreach at key phases of Express Lane project delivery, e.g. communications related to tolling equipment testing and commencement.

4.6 HPTE will reimburse CDOT, at CDOT's regularly burdened rates, for any administrative services provided by CDOT, its employees or agents. To the extent reimbursement is not immediately forthcoming and the funds expended by the Transportation Commission derived from the state highway fund, pursuant to FASTER (section 43-4-806(d)(4), C.R.S.) the value of such services or facilities shall, notwithstanding any state fiscal rule or generally accepted accounting principle that could be interpreted to require a contrary conclusion, constitute a loan from the Transportation Commission to HPTE.

### Governance

- 4.7 The state's transportation system is managed by the Colorado Department of Transportation under the direction of the Transportation Commission of Colorado. The commission is composed of 11 commissioners who represent specific districts.
- 4.8 Each commissioner is appointed by the governor, confirmed by the senate, and serves a four-year term. To provide continuity, the commissioners' term expiration dates are staggered every two years.
- 4.9 Under state law, the powers and duties of the Transportation Commission of Colorado include:
  - Formulating general policy with respect to the management, construction, and maintenance of public highways and other transportation systems in the state;
  - Advising and making recommendations to the governor and the General Assembly, relative to transportation policy; and
  - Promulgating and adopting CDOT's budgets and programs, including construction priorities and approval of extensions or abandonment of the state highway system. (The General Assembly appropriates the administrative budget for the Department.)

### **Article Five**

## CDOT and HPTE Coordination

- 5.1 The Board has the authority to establish policies for HPTE under which it will identify and prioritize HPTE projects and make and enter into agreements and contracts with private entities for the financing, design, construction, operations and maintenance of surface transportation infrastructure projects. Nevertheless, as a division of CDOT, HPTE must coordinate and integrate its mission with CDOT in the fulfillment of its duties and the exercise of its powers
- 5.2 As of 2020, HPTE had 108 lane miles of Express Lanes in operation and an additional 115 under construction and due to come online by 2023 to help address

congestion across the Front Range area. As a result of this growth, additional staff are required to monitor, manage, and maintain these facilities when they come online. CDOT will support HPTE with current and future staffing needs by helping identify full-time equivalent (FTE) positions that are vacant and could be used to support the expanding Express Lanes Network oversight, operations, maintenance, and management with the recognition that there might not be FTEs to transfer at the time of the request because of, but not limited to, HPTE or CDOT budget, lack of FTEs to transfer, or higher priority CDOT staffing needs. HPTE and CDOT will work together to develop an appropriate staffing plan that meets the needs of the growing Express Lanes Network and will meet on a yearly basis to discuss staffing needs.

# **Intra Agency Agreements**

- 5.3 The majority of Intra Agency Agreements (IAAs) between CDOT and HPTE are for allocating the rights and responsibilities of the overall business relationship on specific shared projects, which may encompass planning, construction and post-construction duties between the parties. IAAs may include the anticipated funding sources for the project, any fees to be paid to HPTE for services for completing the financing for the project or otherwise, the rights and obligations of the parties with respect to the assets to be acquired, and such other matters as may be appropriate in the circumstances.
- 5.4 In addition, projects under construction that include financing obligations HPTE has assumed responsibility for, will include a section in the IAA which enumerates CDOT's responsibilities to HPTE if there are delays associated with the project. Specifically, CDOT shall be liable for costs incurred by HPTE that are the direct result of a project delay (except if the delay is caused by HPTE). Costs may include, but are not limited to, debt service, operation and maintenance costs, reserve fund costs, or other financing related costs.

### **Article Six**

### Operations, Maintenance, and Rehabilitation

# of Express Lanes and Tolling Equipment

6.1 HPTE's revenue generation on operating Express Lanes is crucial to its ability to repay the debt incurred to construct the facility and to create trust among those who choose to use them. If tolling equipment is non-functioning or an Express Lane is closed, it can negatively impact the HPTE's ability to repay the debt as well as its ability to provide reliable trips to its customers. Therefore, CDOT shall make every effort to

work with HPTE to prioritize operations, maintenance, and rehabilitation work to either minimize or eliminate any revenue loss or impacts to Express Lane users.

- 6.2 HPTE and CDOT agree to execute operations, maintenance, and rehabilitation (OM&R) IAA to specify areas of responsibility, acceptable repair and lane closure time frames, preventative maintenance, and reasonable reimbursement for CDOT costs. To the extent reimbursement is not immediately forthcoming and the funds expended by the Transportation Commission derived from the state highway fund, pursuant to FASTER (section 43-4-806(d)(4), C.R.S.) the value of such services or facilities shall, notwithstanding any state fiscal rule or generally accepted accounting principle that could be interpreted to require a contrary conclusion, constitute a loan from the Transportation Commission to HPTE.
- 6.3 The Express Lanes exist adjacent to the free General Purpose Lanes and as such are monitored by staff in the Traffic Operations Center. For the Express Lane corridors monitored by HPTE (including HPTE contractors), traffic monitoring activities will be performed in conjunction with CDOT who are monitoring non-Express Lane corridors. As needed, due to accidents, incidents or inclement weather, HPTE may be called upon to assist CDOT in monitoring non-Express Lane corridors. For the Express Lane corridors monitored by HPTE, CDOT will monitor the Express Lanes during the times when the HPTE are not scheduled to work, i.e. weekends or after hours. HPTE time shall be paid by HPTE. CDOT staff time monitoring the Express Lanes will be reimbursed by HPTE per Section 4.6 above.

#### Article Seven

### **Procurement**

- 7.1 The State Procurement Code is not applicable to HPTE and in order to facilitate its pursuit of public-private partnerships and other innovative and efficient means of financing surface transportation infrastructure projects, the HPTE Board adopted a revised Unsolicited Proposal Policy in 2019 to identify new revenue generating ideas for the state. The Unsolicited Proposal Policy is attached as Attachment X.
- 7.2 The parties agree that the HPTE will coordinate its procurement processes with the CDOT Center for Procurement and Contract Services and other CDOT entities that support the processes of contracting and procuring for goods and services. CDOT procurement, and other internal entities that are components of a procurement process, will support the preparation of contracts and the encumbrance of funds for the HPTE whether or not the state procurement code is followed by the HPTE so long as they meet the HPTE Board's Guidelines and the state's fiscal rules.

- 7.3 HPTE will abide by the State Procurement Code if it is deemed appropriate by the HPTE Director and the CDOT CFO for CDOT to be a party to the contract.
- 7.4 The parties agree that if either of the following will occur, HPTE will use the modified procurement process related to unsolicited proposals set forth in the HPTE Unsolicited Proposal Policy (2020).
- 7.5 CDOT has the ability to utilize personal services or goods procured by HPTE for CDOT projects provided the cost is reflected in the Fee for Service IAA.
- 7.6 The parties agree that HPTE will utilize CDOT processes and procedures for the procurement of any professional services.
- 7.7 The parties agree the procurement for outside legal services will be done by HPTE in coordination with the Attorney General's office.

# **Article Eight**

# CDOT Policies and Procedures

- 8.1 The parties agree that only the CDOT Policy and Procedural Directives listed on Attachment C shall apply to HPTE; except as they may be superseded by the terms of this Memorandum of Understanding. The Board will pass a Resolution adopting the Policy and Procedural Directives listed on Attachment A
- 8.2 Future Policy and Procedural Directives adopted by the Transportation Commission shall not apply to HPTE unless the HPTE Board adopts them by Resolution.

### **Article Nine**

### Termination

9.1 This Memorandum of Understanding may be terminated at any time by mutual agreement of the parties.

#### **Article Ten**

### Amendments

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10.1 Amendments to this Memorandum of Understanding must be in writing and must be duly authorized and approved by the Transportation Commission and the Board.

# SIGNATURE PAGE

Effective this	day of	, 2021.		
Shoshana Lew, E	Executive Direct	or, Colorado Depa	artment of Transpo	ortation
Nicholas Farber,	Director, High F	Performance Trans	sportation Enterpr	ise

# Attachment A

# **Policies and Procedural Directives**

Hazardous Materials Routing Procedure	1903.1
Hazardous Materials Routing Policy	1903.0
Comprehensive Accessibility for Persons with Disabilities	605.0
Policy on Non-Discrimination	604.0
Title VII Procedures to Address Employee Discrimination Complaints	600.6
Equal Employment Opportunity and Affirmative Action	600.0
Construction Project Standard Plans (M & S Standards)	513.2
Construction Project Specifications	513.1
Requirements for Storm Drainage Facilities and Municipal Separate Storm Sewer System Facilities	501.1
Out of State Travel	207.2
In State Travel	207.1
CDOT Requirements for Workers' Compensation, Accident Reporting, and Claim Handling	89.1
Risk and Insurance Management	89.0
Drug and Alcohol Testing	81.1
Confined Spaces Entry	80.9
Accident Review Board	80.3
Personal Protective Equipment (Including Respiratory Protection Program)	80.1
Employee Safety Program Excellence in Safety	80.0
Website and Webpage Development and Management	31.1
CDOT Facility Access Control	28.1
Use of Computer and Internet Including Social Media and Email	27.1
Rule Making Procedural Directive	20.1
Rule Making Policy Directive	20.0
Notification of Division Authority When Out of State or on Vacation	18.1
Regional Transportation Director Authority for Administrative Settlement of Construction Contract Claims	16.0
Employee Wellness Program	15.1
Policy Guiding Statewide Plan Development	14.0
Workplace Accommodations for Nursing Mothers	12.1
Communicating with the Media on Behalf of CDOT	11.2
Expressing the DOT Position on Policy Matters	11.0
Workplace Violence Procedural Directive	10.1
CDOT Heavy Fleet Management	9.2
CDOT Light Fleet Management	9.1
Equipment Management	9.0
Audit Division Policy	4.0
CDOT Values	2.0
Creating & Updating & Procedural Directives & PD Flow Chart	1.1
Policy Directives & Procedural Directives	1.0
Policy Prohibiting Sexual Harassment	603.0
Colorado State Infrastructure Bank (SIB)	720.1

State/R.R. Contracts and State/Local Entity/R.R. Contracts	500.5
ADA and PWFA Accommodation Procedures	602.1
Noise Mitigation Policy	1900.0
Snow Removal on State Highways	1055.0
Education and Professional Development Reimbursement	1262.1
CDOT Policy on Air Quality	1901.0
Removal and Disposal of Wildlife Carcasses from State Highways & ROW	1005.1
Flextime	1230.1
CDOT Water Quality Compliance	1902.0
Adopt-A-Highway Volunteer and Sponsorship Programs	1006.1
Grants from the Leave Bank and the Military Leave Bank	1204.1
Annual Budget, Project Budgeting and Cash Management Principles	703.0
Employee Driver's License Requirements	1222.1
Elevating Bicycle and Pedestrian Opportunities in Colorado	1602.1
Rockfall Management Policy	1004.0
Maintaining Linear Referencing System	1606.1
Flex Place	1230.4
Employee Organization Access	1205.1
Inclement Weather	1240.1
Service of Legal Action and Contact with Outside Attorneys	19.1
General Leave	1204.2
Disposition of Excess Land	1300.0
CDOT Cost Savings IDEA Incentive Program	1207.1
Maintaining Linear Referencing System	1606.0
Interchange Approval Process	1601.1
Professional Engineers Stamp	508.1
Security and Confidentiality of the Engineer's Detailed Estimate	511.1
Rail Corridor Preservation Policy	1607.0
Interchange Approval Process	1601.0
Promptly Reopening Roadway to Traffic	1510.1
State Memorial Signing for Private Citizens	1501.1
CDOT University (CDOTU) Administration	1260.0
Product Evaluation & Experimental Features	1401.1
Memorial Naming and Designations	1503.0
Compensation for Overtime, on-call, call-back, Shift Differential, and Compensatory Time	1230.2
Contracts with Local Agencies for Maintenance of State Highways	1050.1
Outside Employment and Outside Business Interests	1200.2
Printing Center Services and Forms Management	52.1
Requirements for the Retention of Records for Specified Design, Construction, Engineering, and Specialty Groups (Paper and Electronic)	21.1
Shoulder Policy	902.0
Reporting and Investigating Cash Shortages or Thefts Renumbered from 201.1	206.1
Retention of Documents	51.1
Guide Signing Practices and Procedures	1500.0

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Transportation Commission Guidelines to Determine Whether Acquisition of Property for a CDOT Highway Project Will Serve the Public Interest	1301.0
Housing Assistance	1209.0
Policy on Fostering Small Business Capacity	606.0
CDOT's Open Records Act Procedure for Engineering Contracts	508.2
Protection of Personally Identifiable Information (PII)	1215.1
Housing Assistance	1209.1
Title VI Non-Discrimination	604.1
Employee Appreciation and Recognition Programs	1200.5
CDOT All-Hazard and Wildland Fire Mobilization and Reimbursement	7.2
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CDOT Commercial Card Program	3.3
Use of Recording Devices	46.2
Employee Transfers	1208.1
Official Functions	1200.1
Statutory Violations	3.2