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# **U.S. 36 Phase 2 Project Update**

**High Performance Transportation Enterprise**

**September 21, 2011**

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# Agenda

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Update on Short-Term Project Schedule

Project Delivery Evaluation Approach

Industry Forum

Overview of Preliminary Financial Analysis

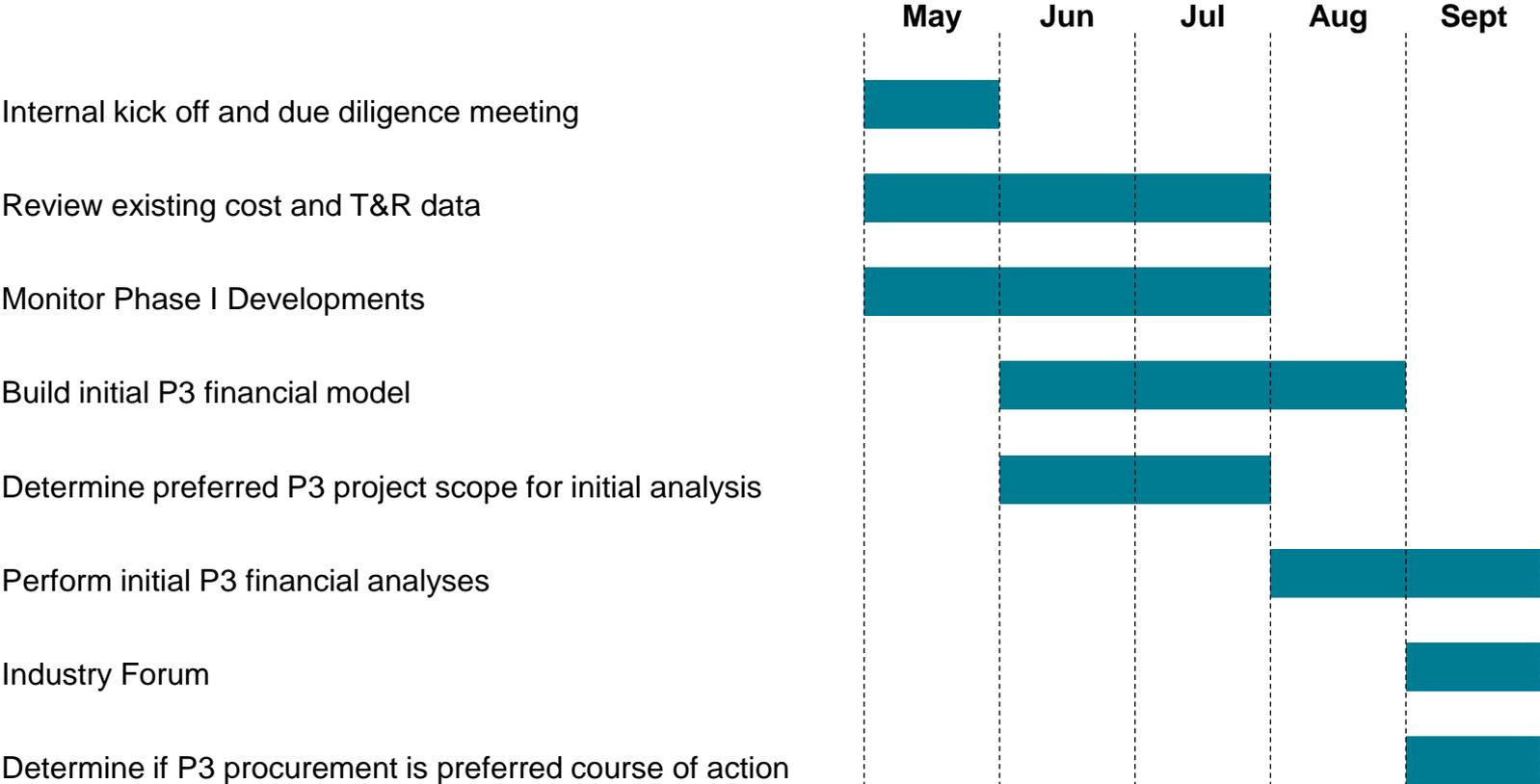
Traffic and Revenue Estimates

Overview of Preliminary Results

Illustrative PPP Procurement Schedule

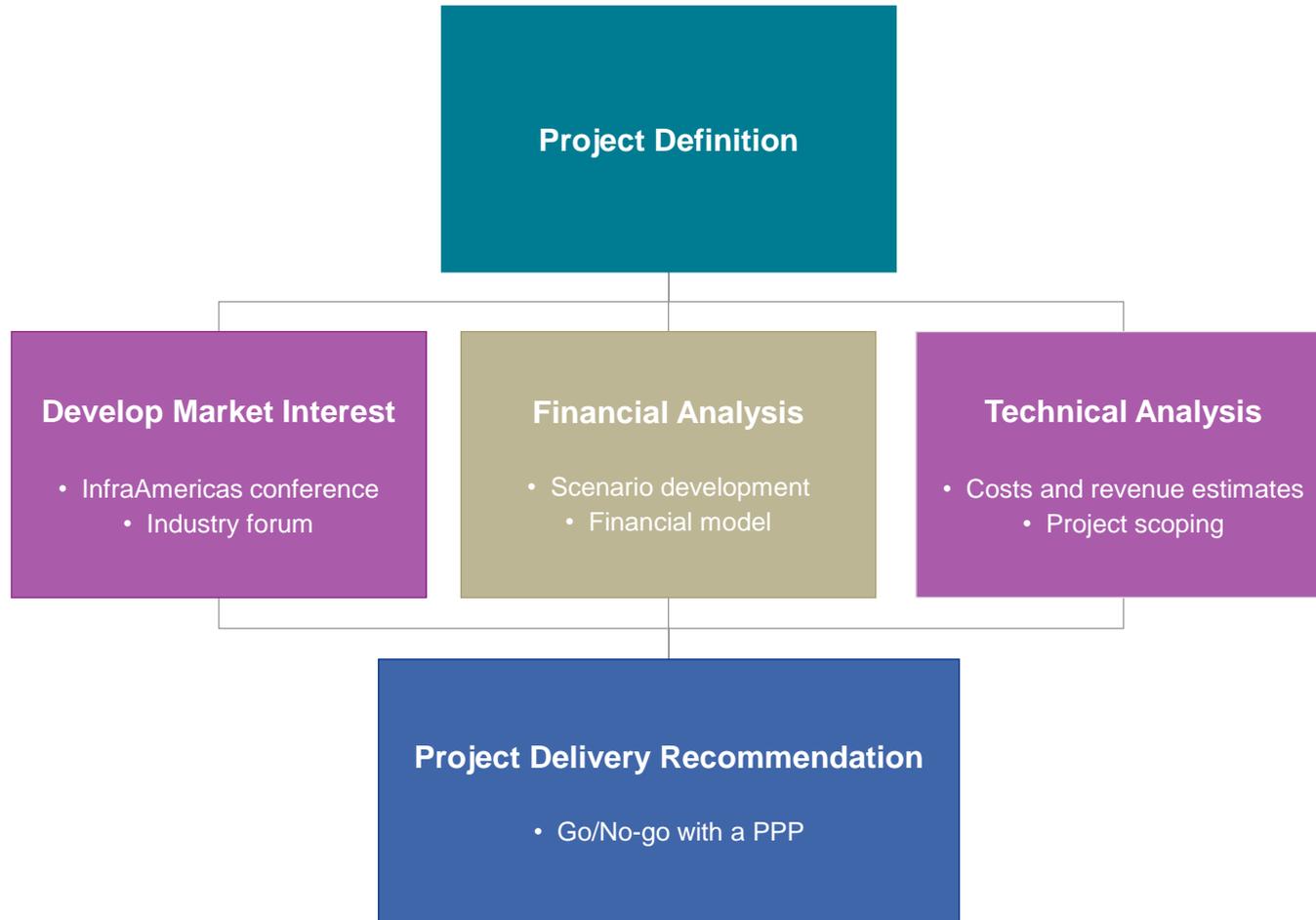
# Short-Term Project Schedule

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# Project Delivery Evaluation Approach

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# Overview of Preliminary Financial Analysis

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- **Project Scope**

- Construction of Phase 2 Managed Lanes and reconstruction of Phase 2 GP lanes
- O&M on Phase 1 and 2 Managed Lanes only
- Lifecycle for Phase 1 and 2 Managed Lanes only
- Phases 1 and 2 are assumed to be open to traffic in July 2015

- **Availability Payment Structure**

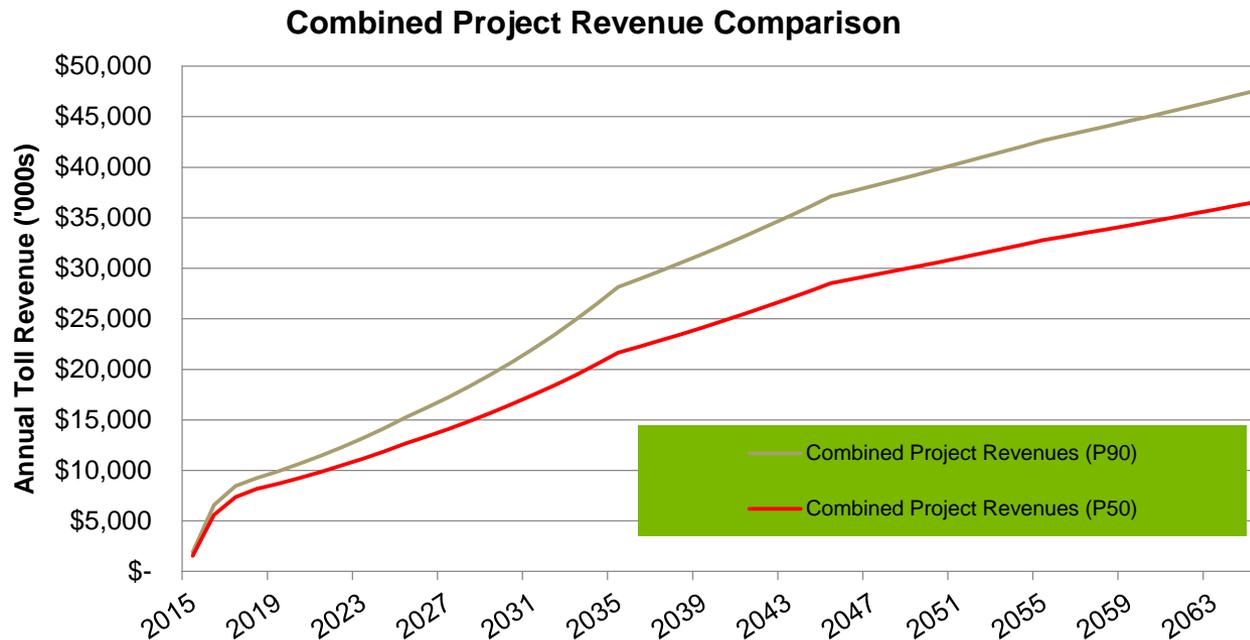
- 35 year term
- HPTE retains toll revenue risk
- Developer assumes construction, financing, O&M and lifecycle risks
- Analysis is based on Base Case toll revenues (P50) for US36

- **Concession Structure**

- 50 year term
- Developer assumes all project risks
- Analysis is based on Risk Case toll revenues (P90) for US36

# Traffic and Revenue Estimates

- Traffic and revenue estimates for the US36 corridor used the regional traffic model developed for the Phase 1 Investment Grade T&R Study
- Differences in the assumptions used in the traffic model have a large impact on the toll revenues as demonstrated by the differences in the Base Case and Risk Adjusted cases



# Overview of Preliminary Results

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- **Availability Payment model**

- Preliminary results indicate that Phase 2 could be viable with an availability payment structure if an additional TIFIA loan is secured
- Due to the fact that traffic ramps up over time, toll revenues would need to be supplemented by other funds in order to make the estimated availability payments during the first several years of the operating period
- RTD's committed funding to the Project could be used for this purpose

- **Concession model**

- Preliminary results indicate that if a TIFIA loan is available for Phase 2, the Project could be viable as a concession although an upfront construction subsidy would be required
- The impact of not having a TIFIA loan for Phase 2 would increase the upfront subsidy requirement

# Factors Impacting Preliminary Financial Results

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- Financial modeling undertaken to date uses both conservative and optimistic assumptions in order to establish a range of potential results under a variety of market conditions
  - TIFIA availability
  - Revenue assumptions
  - Financing costs and instruments
  
- Exact amount of subsidy or additional funding will be driven primarily by
  - the competitive procurement process
  - market appetite for the delivery model
  - the market's appetite for traffic and revenue risk generally and the Project in particular
  - market's level of expectation of a pipeline of projects or other opportunities in Colorado

# Industry Forum

- A half day workshop has held on September 8, 2001
- Focused primarily on Phase 2 of the US36 corridor
- Over 200 registered for the workshop
- A series of 1-on-1 meetings were held with P3 developers were held after the workshop on September 8 and 9 to solicit the industry's ideas and concerns about a P3 delivery model for Phase 2
- Requests for 1-on-1 meetings with HPTE were oversubscribed

## You are invited

Colorado High Performance Transportation Enterprise Program Industry Forum

US 36 Managed Lanes Project – Phase 2



The Colorado High Performance Transportation Enterprise (HPTE) invites you to participate in an Industry Forum event focusing on the potential for a Public Private Partnership (P3) for the US 36 Managed Lanes Project – Phase 2 (Project). The Project will provide enhanced mobility between Denver and Boulder and comprises both managed lanes and Bus Rapid Transit service.

Join us on Thursday, September 8, 2011 from 9:00 a.m.–1:00 p.m. MDT for an inside look at the HPTE and the Project. Designed for industry participants, the half-day session features presentations by HPTE and CDOT officials. Comments by the Governor of Colorado and key local government stakeholders are also scheduled.

### Event Details

The industry forum will feature a half-day conference on September 8 and one-on-one meetings with interested developers and investors to follow on the afternoon of September 8 and as needed on September 9. The one-on-one meetings are intended to facilitate a meaningful dialogue about the Project between the HPTE and firms that are capable of leading a team in a P3 transaction or investing equity in these types of projects. Please note the number of meeting slots is limited and consideration will be given to those firms with requisite experience on a first-come, first-served basis.

### Agenda

The preliminary agenda will feature:



**Date**  
September 8, 2011

**Location**  
Colorado Convention Center  
700 14th Street  
Denver, CO 80202

**Time**  
9:00 a.m.–1:00 p.m.  
MDT

[Click here to register](#)

# Illustrative PPP Procurement Schedule

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- Evaluate industry feedback September 2011
- Determine project delivery model 4<sup>th</sup> quarter 2011
- Local stakeholder consensus 4<sup>th</sup> quarter 2011
- HPTE Board approval to issue RFQ 1<sup>st</sup> quarter 2012
- RFQ issued 1<sup>st</sup> quarter 2012
- Shortlist issued 1<sup>st</sup> quarter 2012
- Final RFP issued 2<sup>nd</sup> quarter 2012
- RFP responses due 3<sup>rd</sup> quarter 2012
- Selection of preferred proponent 3<sup>rd</sup> quarter 2012
- Commercial close 4<sup>th</sup> quarter 2012
- Financial close 1<sup>st</sup> quarter 2013
- Open to traffic July 2015