



COLORADO
Department of
Transportation



**I-70 East Project Delivery Options
Transportation Commission Workshop
February 5, 2015**



Outline

Where we've been

- Previous Transportation Commission Workshops
- Public Engagement

Where we are at

- First Phase Project Scope
- Project Funding Plan
- Value for Money Analysis on Project Delivery Options

Next Steps

- February 19 Transportation Commission meeting
- Engagement with industry
- Additional public outreach



Transportation Commission & HPTE Engagement

2013:

- December- Procurement options analyzed in the first Value for Money analysis

2014:

- January: Project cost estimates and funding scenarios, impacts to Bridge Enterprise
- February: Risk transfer features and pros/cons of Public Private Partnerships
- April: anticipated sources of funding and outreach and communications efforts
- June: Project need and scope and phasing options. Pros/cons of P3 vs. DB and results of HPTEs first round of transparency outreach
- July: Resolution directing HPTE to further pursue P3 opportunities; subject to further consideration of financial analysis and public input.
- November: Summary of public outreach and engagement work, development of funding options and exploration of delivery models
- December: Transportation Commission decision on preferred scope for project

2015:

- January: Update on project funding in light of revised SB228 revenues. Initial discussion of Value for Money analysis



Public Outreach and Transparency

The following public meetings and documents, developed in accordance with HPTE's transparency policy and the Governor's Executive Order, solicit public input and provide information on financing and delivery decisions.

Publicly Available Documents

March 2014: Summary of P3 Benefits and key procurement issues

July 2014: Responses to questions received at July public meetings

October 2014: Responses to questions received at October public meetings

November 2014: Summary of key sections of a typical RFQ

February 2015: Public summary of Value for Money analysis

Public Meetings

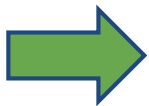
June/July 2014: Held early in the process (the "vision stage") of considering a P3. Provided an overview of results of an initial Value for Money analysis.

October 2014: Held as CDOT entered the very early stages of developing a Request for Qualifications. Focus on what kind of partner is desired along with key elements in a typical Request for Qualifications.



What Phase of the Project Does the Value for Money Analyze?

- In December 2014, Department Staff presented three options for the first phase of the I-70 East project
 - Options were based on preliminarily identified preferred alternative in Supplemental Draft EIS
1. Repair and Maintain the Existing Viaduct
 2. Remove the Viaduct and Limit Construction to the Partially Covered Lowered (PCL) Section
 3. Remove the Existing Viaduct, Build the Partial Covered Lowered (PCL) alternative and Extend Express Toll Lanes out to I-225



- **The Commission overwhelmingly preferred #3**
- **Best option to improve mobility, address congestion, and drive economic development on I-70 from I-25 to DIA**



Projected Project Funding

Source	Identified Funding Amount
Colorado Bridge Enterprise	\$850 million
DRCOG	\$50 million
2 Years of SB 228 transfers to CDOT	\$180 million
Funding Gap	\$90 million
Total Project Cost for Phase One	\$ 1,170 million

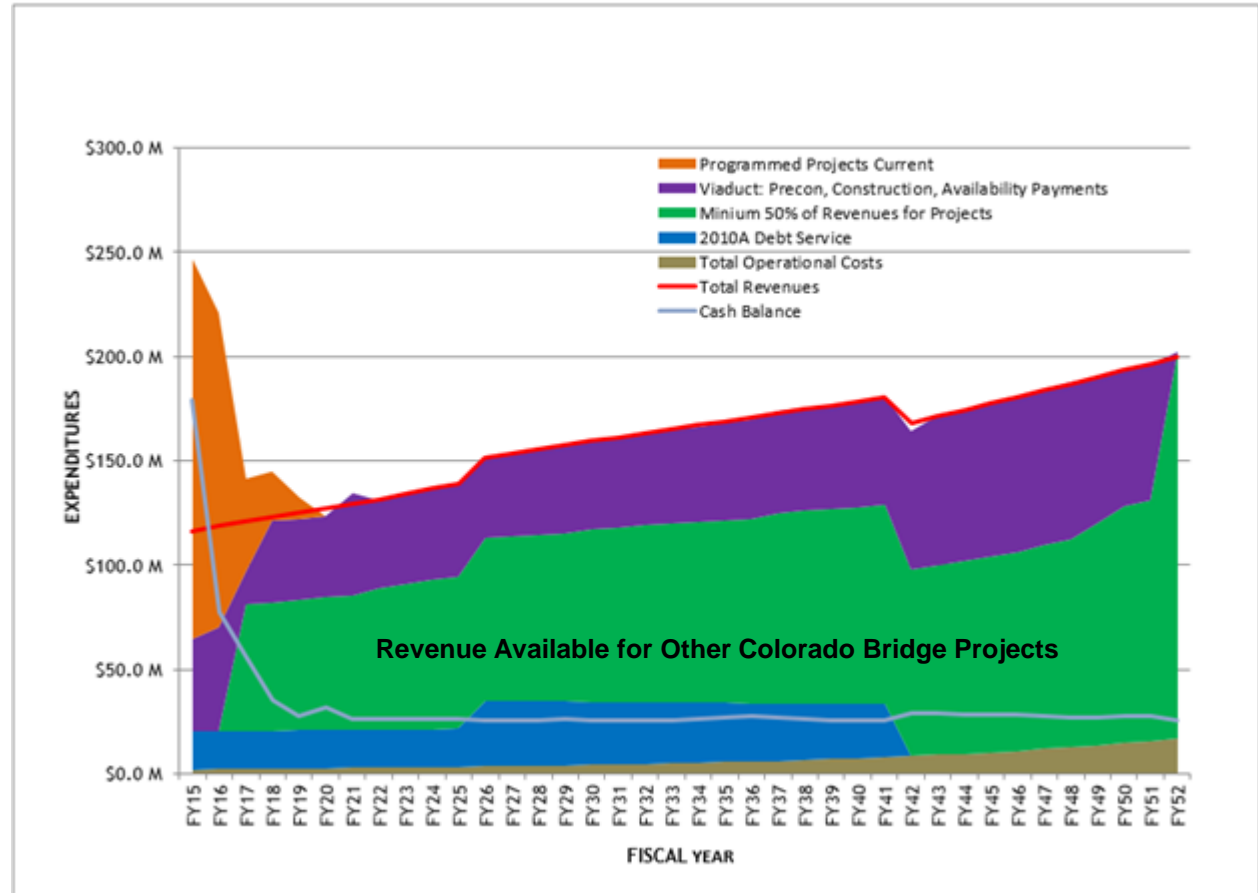


Impact to the Bridge Enterprise

--Revenues from the Bridge Enterprise are the largest component of the proposed funding plan

--I-70 East viaduct is 61% of total state eligible bridge deck area

--Funding plan retains 50% of revenue for other bridge projects





Project Delivery Options

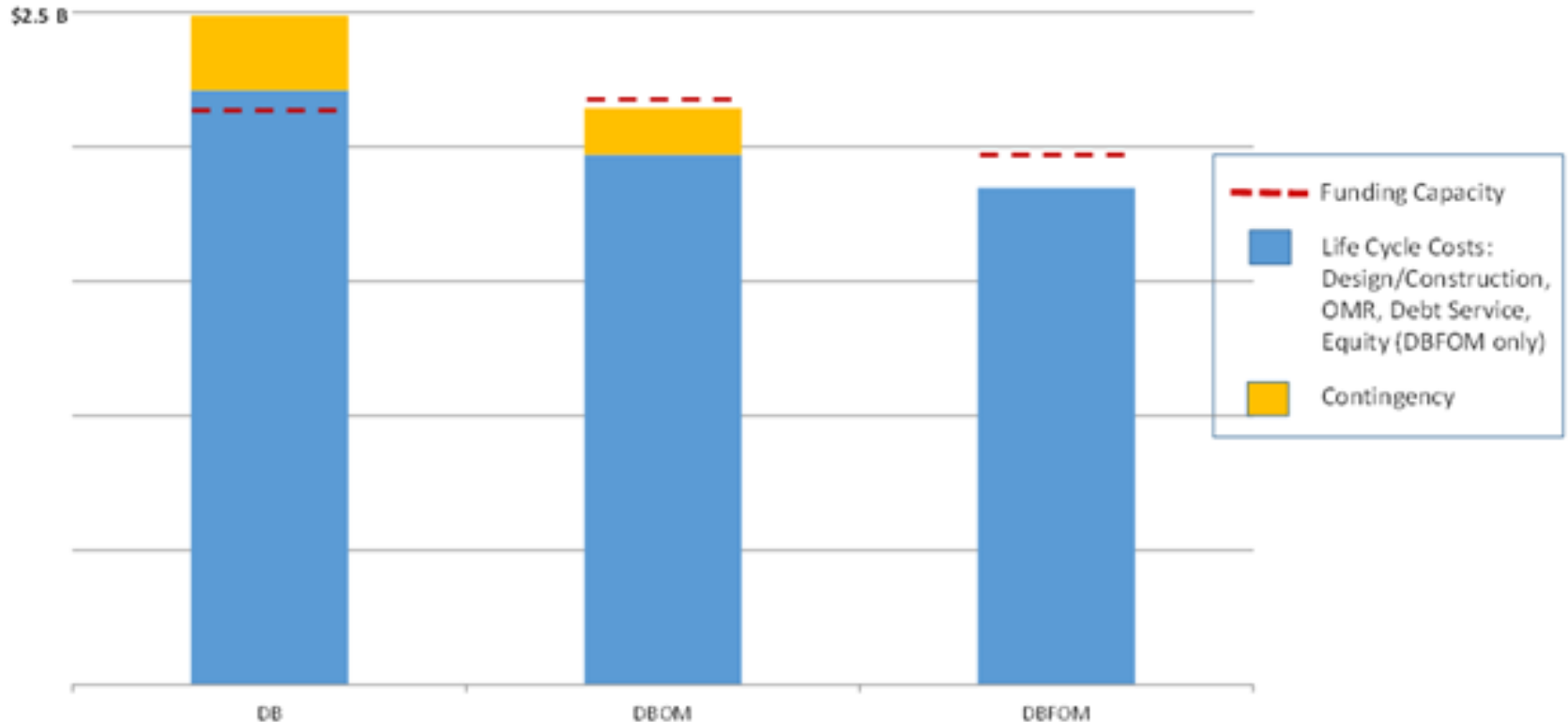
	Design Build (DB)	Design Build Operate Maintain (DBOM)	Design Build Finance Operate & Maintain (DBFOM)
Type of model	Public Sector	Public-Private Partnership	Public-Private Partnership
Holder of Project Debt	CDOT	CDOT	Private Contractor
Responsibility for Operations and Maintenance	CDOT	Private Contractor	Private Contractor
CDOT Payment Responsibilities & Structure	Principal and interest, all operations & maintenance costs, maint. contingency from year to year CDOT budgets	Principal and interest, annual operations and maintenance payment, contingency costs	Fixed availability payment for life of contract
Previous History	28 CDOT Projects	Recent use on transportation projects is limited	2 Colorado projects, 65 projects nationally, many internationally



Value for Money Considerations: Project Affordability

Whether total project costs are within available revenues

- Includes construction costs and the cost of maintaining I-70 East over time
- Includes assumptions about project contingency to cover unexpected events or defects





Value for Money Considerations: Risk Transfer

How key areas of project risk are allocated between the public and private sector

Amount of Risk Retained by the Public			
	DB	DBOM	DBFOM
NEPA Approvals	High	High	High
Permitting	Medium	Low	Low
Right of Way	High	Medium	Medium
Utilities	Medium	Low	Low
★ Project Financing Schedule	Low	Medium-High	Medium
Interest Rate Changes	Medium	Medium	Medium
Design	Medium	Low	Low
Ground Conditions	High	Low	Low
Unknown Hazmat	High	High	High
Construction Costs	Medium	Low	Low
Quality Assurance/Quality Control	Medium	Low	Low
Operating Performance	High	Low	Low
★ Lifecycle Maintenance Cost	High	Medium	Low
★ Long-term Security Cost	High	Medium	Low



Value for Money

Considerations: Risk Transfer

Key differences between DBOM and DBFOM

★ Project Financing Schedule

- Amount of time involved to arrange financial contracts and possibility that an overall delay in the project schedule could occur as a result of this process
- Significant DBFOM history nationally and internationally likely reduces this risk area

★ Lifecycle Maintenance Cost

- Includes initial construction, long-term maintenance & and eventual reconstruction or rehabilitation
- DBFOM concessionaire is more likely to proactively address problems in order to protect their financial investment in the project

★ Long-term Security Cost

- Whether private contractor delivers a quality project at the end of the contract
- DBFOM provides higher quality of long-term security due to the contractor's equity investment that remains at risk until acceptance of project



Value for Money: Conclusions

- The I-70 East Project is not affordable under a Design-Build model
- DBOM and DBFOM both provide affordable options
- Risk transfer is a key valuation point between DBOM and DBFOM
 - DBFOM provides somewhat more risk transfer in key areas
- The choice of a delivery method depends on the perceived importance of and tolerance for these risks



Next Steps

- Transportation Commission Meeting February 19
 - Resolution on delivery method
 - Does not “lock-in” a decision
- Begin engaging industry
 - First step is a Request for Qualifications
- Continue public engagement
 - Includes two additional rounds of public meetings prior to contract close