

Meeting Summary

FINANCIAL ANALYSIS & IMPLEMENTATION COMMITTEE

3rd Meeting

Arapahoe County Administration Building
West Hearing Room
5334 South Prince Street
Littleton, Colorado

July 22, 2005

This is a summary of the third and final meeting of the C-470 Financial Analysis and Implementation Committee.

Members Present

Susan Beckman, Gil Butler, Peggy Catlin, Shaun Cutting, Kevin French (for Nanette Neelan), Melanie Worley, John McCuskey (for Ed DeLozier), Jack O'Boyle, Randy Pye, Craig Siracusa, Jim Taylor and Jeff Wasden.

Dennis Donald and John Huyler of the Osprey Group facilitated the meeting.

Meeting Goals

1. Review progress made in refining financing and implementation options for the Express Lane and General Purpose Lane alternatives
2. Provide final Committee input to CDOT and FHWA

As the meeting began there was a brief discussion about its goals since concern had been expressed about not eliminating either of the two alternatives due to lack of financial feasibility at this time. It was mentioned that the two alternatives on the table both meet purpose and need and have similar impacts. CDOT and FHWA are the ultimate decision makers and the role of the Committee is to provide input into the decision-making process. The deliberations of the Committee and perspectives of its members in no way foreclose opportunities for local governments to conduct further analysis and provide additional input. CDOT expects to make its final decision in the spring of 2006.

Materials Available at the Meeting

In addition to the agenda, a number of documents were made available both at the meeting and electronically in advance. These included:

- A list of C-470 FAQs

- Letters and resolutions from local business organizations
- Background material related to a potential Regional Transportation Authority
- Background material related to a refined financial analysis of the tolled lane alternative

Updates

Ms. Pam Hutton, Region 6 Transportation Director for CDOT, provided the first update about having both the general purpose and the express lane alternatives included in the DRCOG's amendment cycle as illustrative projects – the projects will be included in the analysis for air quality conformity. It was also mentioned that a number of working meetings had occurred since the last meeting of the Committee as the two alternatives were refined. Moreover, it was mentioned that there had been briefings with business groups since the 2nd meeting and three of these entities (SMCC, SEBP, and JEC) had letters or resolutions that were in the Committee's packets. Following these quick updates, two presentations were made.

Regional Transportation Authority

Mr. Duane Fellhauer, Public Works Director for Douglas County, made the initial presentation about the potential for a Regional Transportation Authority. He saw this approach as being one that could possibly solve the funding challenge for C-470, but also address other transportation funding needs throughout the metropolitan area. The Authority would be developed as a collaborative effort with CDOT and local jurisdictions all playing pivotal roles. Mr. Fellhauer described two exhibits he had developed and shared with the Committee prior to the meeting. One was an overall approach that would lead to a regional vote for approval and the other was an illustrative information and education program related to the RTA. He described the potential return for an investment in pursuing the RTA as high. He was asked about timing and responded that he thought a thoughtful process could lead to a vote no earlier than November 2007. Mr. Fellhauer also mentioned that the timeframe for determining interest from various local governments in the metropolitan area would be about 90 days. He emphasized that the front-end planning of this type of campaign should not be rushed, but pursued in a thoughtful, deliberative fashion. Mr. Fellhauer noted that a typical investment for such an initiative is approximately one month's worth of the initiative's return – for example, if an RTA could generate \$200M/year, it should be expected to invest \$16M in planning, developing and campaign costs.

Refined Financial Analysis for the Tolled Lane Alternative

Mr. Allan Brown from PBS&J began the presentation by citing traffic and revenue refinements in several areas. Mr. Brown described these changes as typical refinements and that the changes, in his opinion, were reasonable and prudent. These refinements then helped drive the financial models that were prepared by Ms. Lisa Fenner from RBC Dain Rauscher. Ms. Fenner reviewed the assumptions that were included in the model and indicated that the goal is to determine whether this project can achieve an investment grade rating. Both scenarios included funding future improvements at the Santa Fe interchange, for example. Ms. Fenner shared two scenarios with the Committee and indicated that both show that the tolled lanes can be financially viable. The first scenario was labeled a "Stand Alone Project." The second scenario, labeled "CDOT O&M Guarantee," is one in which CDOT would

guarantee operations and maintenance expenses. It is the stronger of the two with a lower cost of capital.

Committee Input

The Committee provided input in two ways.

Initially, the facilitators asked three questions: (1) How had your perspective about either of the two alternatives changed; (2) What you saw as the biggest upsides of the alternatives; and (3) What, if any, fatal flaws did you see with the alternatives? Some of the comments included:

Question 1:

- Surprise to see that while the general purpose lane alternative is less financially feasible, it helps relieve traffic congestion more.
- Continue to be surprised at the cost of the tolled lane alternative.
- Don't think the tolling alternative is 100% viable in transportation terms.
- Think that tolling a relatively small segment is problematic; better to pursue tolling the belt around Denver.

Question 2:

- Both help reduce congestion.
- The express lane alternative is a user pay road, is self supporting (i.e., pays for maintenance)
- The general purpose lane alternative has the appearance of being "free," but it is not.
- Tolling is OK, but the entire system (think of it as a beltway) should be tolled – E-470 is preferred to the approach being taken for C-470.
- The general purpose lane alternative continues to be an easier sell.
- The general purpose lane alternative is seen as providing a greater benefit to the public; more equity.

Question 3:

- Need to have a clear and consistent policy from CDOT regarding paying for ongoing maintenance.
- The cost of the general purpose lane alternative when there are no funds available (at least today).

Input Regarding a Preferred Alternative

Finally, the Committee was asked a final question: From the perspective of your jurisdiction, which do you feel would be the most preferred alternative? Comments captured and reviewed at the meeting included:

- Some immediate congestion relief is needed. And, a larger metropolitan funding solution to meeting transportation needs is also needed.

- Need to include the cost of funding ongoing operations and maintenance consistently over time statewide.
- November 2007 is not too late to take a potential RTA to the voters. Would like to see a comprehensive transportation package that could be taken to the voters. Elevate this decision from one limited project to a broader more strategic metropolitan decision.
- Consider a phased approach and build what you can afford.
- With additional time, consider a metro-wide RTA as a potential longer-term funding approach.
- Keep tolling as an alternative. Refined analysis makes the reaction to tolling more positive. Do not see how this and other projects will be paid without some other revenue source. Tolling relieves the funding problem in the near and longer-term. A more thorough regional tolling solution seems more palatable than a tolling solution in one small area that is retrofitted.
- Because of cost, perceived equity and operational issues, a tolled alternative is least preferred.
- Continue with all options. Move through the NEPA process retaining both alternatives. Do not see a fatal flaw with either of the two alternatives.
- Important to revisit this after the November vote on C & D.

Next Steps

Osprey committed to sending out a final meeting summary within ten days. Members of the Committee will then have an opportunity to review the summary and send comments to John within ten days. Osprey will forward Committee members' comments back to the full Committee.

Mr. Craig Siracusa, speaking for CDOT, said that CDOT feels it should move forward with mobility decisions soon. Any help with determining how best to fund these improvements would be appreciated. A decision about the preferred alternative will not be made until the full process is complete. He also indicated that he believes that if CDOT does have a preferred alternative it should clearly state it in the Environmental Assessment for public review. His assessment is that the express lane alternative appears to be self supporting while the approach to funding the general purpose lane expansion is more speculative. Timing does matter and funding the express lane alternative could be done more quickly. Mr. Siracusa said he thought CDOT and FHWA both want a single preferred alternative in the EA Document. He reiterated that the final decision document would be issued in the spring of 2006. Before that decision, he hopes he can hear more about progress toward a RTA and increased evidence that this might be a viable option. He concluded his remarks saying he

appreciated the comments and candor of the group and had on his “to do” list addressing the statewide policy regarding long-term maintenance.

Ms. Peggy Catlin from CDOT underscored some of these points and added a few others. She said she saw tolling as not only a near-term solution, but one that addresses longer-term needs as well. She also said there was a fatal flaw in the phased general purpose lane approach because there is no money to build even the partial solution. She also noted the potential transit benefit of tolled lanes.

Mr. Shaun Cutting from FHWA said the Environmental Assessment can carry two build and one no action alternative through to the end. When FHWA signs the FONSI (Finding of No Significant Impact), the project must be in the RTP (fiscally constrained plan). He said, for those advocating the RTA, that the key is to have time to convince CDOT that the RTA is likely.

Closing Comments

Ms. Pam Hutton from CDOT indicated that the consultants will produce the Environmental Assessment in September. After the document is published, there will be a public hearing process. The next big step will be for the decision document that will be delivered in the spring of 2006. Ms. Hutton thanked the members of the Committee for taking time from their busy schedules not only to participate, but to be so fully engaged in this process.

Adjournment

The meeting adjourned slightly after 5:30.