
Colorado sunrise

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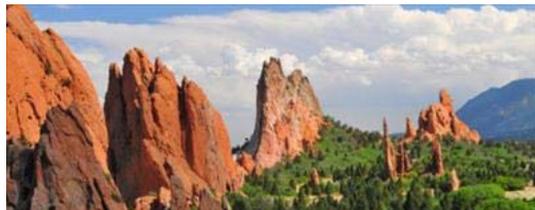
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The closure of 2 deals – in 2007 and 2010 – in Colorado and a pipeline of projects planned for the state in the future has put it firmly on the map for P3 activity in the US.

As the need to invest in state-wide infrastructure continues to rise, Colorado and its municipalities have been investigating innovative ways to deliver public assets.

And Colorado has solid foundations for PPP delivery having had a P3 law in place since 2006, allowing the state to accept solicited and unsolicited proposals.

Cities in the state generally only have P3 powers expressly granted to them or implied. Colorado also has 2 Home Rule counties [Pitkin and Weld] as well as 2 unified city and county governments [Denver and Broomfield].

In 2009, the Funding Advancements for Surface Transportation and Economic Recovery Act of 2009 [FASTER] was enacted, which created the [High Performance Transportation Enterprise](#).

HPTE was formed to pursue innovative means of more efficiently financing important surface transport infrastructure projects that will:

- ● improve safety, capacity and accessibility
- ● be commenced in a reasonable timescale
- ● allow more efficient movement of people and goods
- ● accelerate economic recovery

This year – 2011 – HPTE adopted its own guidelines and procedures for receiving solicited and unsolicited P3 proposals.

When talking of innovative projects, it includes – but is not limited to – P3s, operating concession agreements, user fee-based project financing, availability payment and design-build contracting.

HPTE will operate as a government-owned business within the department and will be a division of the Colorado Department of Transportation.

Political will

Former Colorado Governor Bill Ritter – 2007 to 2011 – was a supporter of P3s and signed SB 108 into law in 2009, giving new powers to state bodies to organise and authorise tolling. The law abolished the existing Colorado Tolling Enterprise (CTE) and put in its place the HPTE.

Colorado Governor John Hickenlooper – who assumed office in January 2011 – during his campaign months recognised the challenges facing the state's transport system and listed key priorities that included promoting innovative financing via public-private partnerships.

In a 2010 statement, Hickenlooper said: "Innovative P3s, demand-driven pricing or dynamic pricing and mileage-based pricing programmes have state-wide support from stakeholders who understand the increased demand on our transportation system and the financial challenges we face."

He added: "A current example of a federally-sponsored P3 programme is the [Regional Transportation District's](#) PPP currently on 2 FasTracks corridors including the line from downtown Denver to Denver International Airport, leveraging US\$458 million in private funding.

"Through innovative financing and a good federal partner, the opportunity exists to grow and maintain our transportation infrastructure."

CDOT spokesperson [Kari Grant](#) believes there is a growing sense of collaborative regionalism in Colorado, where local, regional, state and federal agencies recognise the need to work together to deliver important projects.

"I think our leaders on many levels of government are aware of the state's acute infrastructure needs, and are increasingly willing to consider innovative ways to meet those needs," says Grant.



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Kari Grant, CDOT

P3 projects – past and present

Colorado has had success with 2 P3 projects – the [Northwest Parkway](#) and the Denver Eagle P3 Light Rail project [[Case Study](#)].

The Northwest Parkway Public Highway Authority and Portuguese company [Brisa](#) together with its Brazilian partner [CCR](#) finalised a 99 year toll concession in 2007 for US\$607 million [£392m €449m].

The deal retired all outstanding NWPPHA bonds, providing funds for the authority and payment of other pre-existing obligations. It transferred financial and operational responsibility and reward to the private consortium as well as providing funding for a 3.7km extension of US36 to CO128 in Broomfield.

[Victor Saltao](#), chief executive for Brisa North America, believes Northwest Parkway and Denver Eagle P3 made it over the line because of "long-term planning, funding allocation – ie grants, taxes, TIFIA – and political commitment with all stakeholders and awareness that private sector involvement make economically feasible projects move faster and come to public fruition."

The Regional Transportation District in mid-August reached financial close on the US\$1.5 billion [£970m €1.1bn] Eagle P3 project with Denver Transit Partners – [John Laing](#), [Uberior Infrastructure Investments](#) and [Fluor](#) – successfully navigating the 3-year procurement process through the economic crisis.

It was financed using a combination of PABs, equity and TIFIA funding and was the most significant transit P3 deal in the US, setting a precedent for not just commuter rail, but also high-speed rail projects in the future.

Another project currently working its way through the procurement process is Jefferson Parkway [[News Story](#)] that was awarded to the [Isolux Corsán](#) Group in April this year. The regional parkway authority is still in confidential negotiations with the Spanish company.

Other projects in the pipeline are:

- ● US 36
- ● I-25 North
- ● C-470
- ● I-70 Mountain [[News Story](#)]
- ● I-70 East
- ● Powers Boulevard/Colorado Springs Toll Road

A forum held for the US 36 project on 8 September [[News Story](#)] showed that there was a great deal of interest from the private sector and an RFQ is due to be issued in Q1 2012.

The project is for improvements to multi-modal transport between Denver and Boulder. The improvements are planned for a 25-mile roadway alignment – US 36 from Interstate 25 to Boulder.

Governor Hickenlooper said of the project: "US 36 presents a unique, high value opportunity. We can only build about two-thirds of the US 36 with our current financing plan. The final unfunded phase of the project – managed lanes, bus rapid transit – all the way through to Boulder is critical to us therefore we welcome the involvement of the private sector to help us complete the vision for the entire corridor.

"Our partnership with the private sector enables the delivery of a very important project sooner rather than later and at less public cost than traditional procurements. It also allows design and finance innovation to achieve even greater public benefit and sets the benchmark for future P3 ventures.

As the Governor says: "Colorado is most certainly open for business."



Colorado is most certainly open for business

Governor John Hickenlooper

Saltao at Brisa North America said: "After the incorporation of HPTE 1 year ago, the new governor and a strong commitment from those involved in PPP in Colorado will move forward. I believe HPTE can actively procure and deliver some projects with a P3 approach."

Conclusion

Colorado has a couple of successful deals due to clear P3 guidelines and strong political support since the implementation of legislation in 2006.

Eagle P3 was successfully navigated through the economic crisis but still has not dampened the appetite of the private sector.

Governor Hickenlooper has shown that he is a great proponent of P3s and recognises that innovative methods of financing need to be considered in order to develop the state's infrastructure.

The creation of a new authority within CDOT will certainly help to bring focus and direction to projects whether they are procured as P3s or not.

And 1 thing is clear, Colorado is certainly a state to watch as it may well lead the charge for P3s in the future.

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