

Meeting Summary

FINANCIAL ANALYSIS & IMPLEMENTATION COMMITTEE

1st Meeting

Mt. Evans Conference Room, Empire Park Building
1325 South Colorado Boulevard, Suite B606
Colorado Department of Transportation

April 28, 2005

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

Members Present: Susan Beckman, Gil Butler, Peggy Catlin, Shaun Cutting, John McCuskey, Jack O'Boyle, Randy Pye, Craig Siracusa, Jim Taylor, Jeff Wasden, and Melanie Worley.

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

Meeting Goals

1. Launch the Committee efficiently with clear understanding of purpose and expectations for all involved,
2. Understand different perspectives about C-470 issues and challenges,
3. Agree on the nature and magnitude of the transportation problem and the range of options for addressing the problem,
4. Identify alternative solutions, current cost estimates, and begin to explore financing approaches.

Materials Available at the Meeting

In addition to the agenda, materials, available for discussion at the meeting, included:

- The Osprey Group Report
- Technical Information
- Draft Operating Agreements
- A List of Committee Membership
- Draft Operating Agreements for the Committee

Preliminary Items

Ms. Pam Hutton, Region 6 Transportation Director for CDOT, opened the meeting thanking the Committee members for their willingness to help plan how the C-470 challenges can most effectively be addressed. Following her opening remarks, the meeting goals, agenda and

operating agreements were reviewed. The Committee agreed to the purpose of the Committee and the approach for the initial meeting. It also adopted the Draft Operating Agreements.

Osprey Group Report

The Committee had received the non-attributed report from the Osprey Group ahead of time, so a subsequent presentation by the facilitators highlighted important points in the report. The results reported were based on 19 interviews with key decision-makers and stakeholders, many of whom now are on the Committee. Results were reported about key issues, the perceived pros and cons of tolling, areas in which interviewees appeared to have agreement, and areas in which agreement was lacking.

Areas of agreement included:

- C-470 has a capacity problem and it should be addressed in the near term.
- Virtually everyone agrees that CDOT has insufficient resources to meet C-470 capital improvement needs.
- Most think estimated projected costs are about right.
- Most want to create reasonable funding partnerships and are willing to consider user pay mechanisms, such as tolling, as part of the mix.

Areas lacking agreement included:

- No agreement on the preferred alternative.
- The extent to which the C-470 solution should be addressed in the context of metro-wide transportation planning.
- The extent to which a phased approach to improving capacity is a viable option.
- Philosophical disagreement about the appropriateness and extensiveness of tolling.

The C-470 Problem and Alternative Solutions

Mr. Jim Brady of Wilson & Company then provided an overview of the current analysis of the C-470 transportation problem and the two alternative solutions. There were discussions about congestion and the safety of the eastbound C-470 to southbound I-25 movement.

The facilitators confirmed that there was agreement about the nature and extent of the problem which was described in terms of congestion, reliability, safety and the need to determine how to pay for improvements.

Financing and Implementation Challenges

Next Mr. Brady provided an overview of current cost estimates for the alternative solutions. The two options being considered are a tolled alternative and an expansion of the general purpose lanes. There was some discussion about the potential for phasing either of these alternatives. There was agreement that phasing for either alternative could make practical sense and might be an implementation strategy.

Mr. Allan Brown from PBS&J then gave an overview of the tolling assumptions used for the Express Lanes Feasibility Study. There were follow-up questions and comments regarding the TABOR Reform Measure, other nationwide express toll studies, the backing of bonds, debt service, and CDOT's current statewide focus on life-cycle costs.

The Committee had a wide-ranging discussion about financing and other implementation issues. A sample of the comments, divided into general implementation and then finance comments, includes:

Implementation Comments:

- Concern was expressed about the possibility of improvements at the Colorado interchange, and how this proposed change impacts the immediate area, specifically Dry Creek, Arapahoe, and County Line.
- Concern was expressed about the number of lanes traffic that will need to cross over to get from the eastbound C-470 express lanes to the southbound I-25 lanes.
- Comments were made about attendance at various public meetings. Some felt the outreach had been extensive; others felt that the public involvement efforts had not yet provided enough information about tolling.
- It was noted that phasing of either alternative would be possible.
- DRCOG makes the project priority decisions if TABOR money becomes available.
- The legislature created the CTE in an effort to find alternative ways to generate revenue for transportation needs.
- Some saw tolling as offering drivers a choice while others noted that the tolling alternative, by design, made the general purpose lanes more congested over time.
- There were comments made about how we could work together to address metropolitan or statewide transportation problems.
- There was a general question about whether the Express Lane alternative would be the preferred alternative if funding was not an issue.

Financial Comments:

- CDOT is focused on statewide projects being evaluated based on life-cycle costs, not simply the initial capital investment.
- There is no assumption about how the funding shortfall for the Express Lane alternative will be covered.
- A comment was offered that local governments would have an easier time supporting the Express Lane alternative if CDOT would cover the anticipated funding shortfall for this alternative. At a minimum, it was indicated that the local governments need to know the extent to which CDOT believes it will contribute to funding the shortfall.
- Questions were raised about whether CDOT would match, at some proportion, the funds that the counties might potentially raise with either a RTA (Regional Transportation Authority) or LID (Local Improvement District). Some noted that passing a RTA might be problematic.
- There were questions about whether the TABOR reform measure might be a source for covering the Express Lane funding shortfall.

- It was noted that should there be a default on the Express Lane bonds, the bondholders would bear the loss, not Colorado taxpayers.
- There was a question about the extent to which CTE had examined privatization as an approach to funding the Express Lane alternative.
- It was noted that, on E-470, a highway impact fee is collected on the square footage or housetops within three miles of E-470, to help subsidize costs.
- Some suggested that a benefit of a phased approach on the General Purpose Lane alternative is that it would allow more time to explore and implement a tax increase.
- It was indicated that support for tolling might be greater if it was clear that tolling would be applied from I-25 to I-70 on all of C-470.

Next Steps

It was explained that the gap between the first two meetings will be used to provide further analysis about financing options.

Given the wide-ranging comments about financing, the facilitators committed to the Committee that they will suggest an approach to clarifying the financing options. To this end, Osprey is encouraging high-level financial analysis to help clarify the policy and political options the Committee might want to consider.

Guidance the Osprey Group has suggested to the consulting team and CDOT includes:

- The analysis should focus on the two alternatives identified above (i.e., not on metropolitan-wide or statewide solutions, which are beyond the scope of this Committee's purview and charge).
- At this point the analysis should help identify and clarify various funding scenarios and policy choices as opposed to provide detailed cash flow analysis.
- Recognizing that the financial evaluation makes no commitments of any governmental unit, the analysis should, at a minimum, help document the financial implications of phasing (on both alternatives), assumptions about possible funding levels from CDOT, and rough estimates about the resources that could be generated from a county-wide RTA in Douglas and/or Arapahoe Counties.

The results of this analysis will be shared with the Committee in advance of its next meeting.

Please let us know if you are comfortable with this guidance we are suggesting on behalf of the Committee or if you have other suggestions you believe might be helpful.

Adjournment

The meeting adjourned after the summary of next steps.

UPCOMING COMMITTEE MEETINGS

2nd Meeting -- June 10, 2005, 1:00 p.m. to 4:00 p.m.

3rd Meeting -- June 23, 2005, 9:00 a.m. to Noon