



**DATE:** April 21, 2016  
**TO:** Transportation Commission  
**FROM:** Herman Stockinger, Office of Policy & Government Relations  
**SUBJECT:** USDOT's TIGER VIII and FASTLANE Discretionary Grant Programs

### **Purpose**

To provide an update on the TIGER VIII application for the North I-25 Express Lanes- Phase 1 improvements to Segments 7 and 8 project (North I-25), as well as inform the Commission on decisions regarding the FASTLANE projects considered by Commission last month.

### **Action Requested**

1. Approve \$5 million of SB 228 Transit funds for transit elements of the TIGER VIII project via resolution.
2. Continue to support exploring a construction loan for the North I-25 project, but also commit to “making up the difference” if the grant application is successful and the construction loan is approved by the HPTE for less than \$50 million.

### **TIGER VIII Background and Status Report**

The project is expected to cost approximately \$235 million (though cost estimates are ongoing), with project funding as follows:

- **\$25 million:** TIGER VIII request
- **\$25 million:** Local and Developer funds- much progress has been made on this goal, as follows:
  - \$10 million- Larimer County
  - \$6 million- developer funds
  - \$2 million- Fort Collins
  - \$2 million- Loveland
  - \$2 million- Weld County
  - \$1 million- Windsor
  - \$1 million- Johnstown (this equates to \$100 for every person living in Johnstown- you can't get much more “all in” than that!)
  - \$500k- Timnath
  - Targeting additional funds during the month of April from other communities
- **\$80 million:** CDOT state funding- confirmed by the Transportation Commission via resolution in March.
  - The legislature recently committed to FY '17 (year 2) SB 228 funds in the amount of \$159 million, with funds transferred on June 30, 2017 with no economic trigger. However, the state funds can be any state funding source and not specifically identified unless the grant is awarded.
- **\$5 million:** CDOT SB 228 funding for transit (between FY '16 and FY '17 the transit portions of SB 228 should amount to approximately \$35 million).
  - This is a new request, and the transit element greatly enhances the application and corridor mobility. The total transit costs are expected to be close to \$10 million, with the other costs supported within the existing project costs.
- **“Up to \$50 million”:** Short term construction loan from HPTE.
  - CDOT received preliminary Traffic & Revenue Study (T&R Study) numbers on April 8, and continue to analyze them. However, initial indications are that \$50

million may be high end of a potential loan amount that is supported by Project revenues. This necessitates the Transportation Commission to consider whether the expected gap may be filled with state funds- see below for additional details.

### **Construction Loan Details**

While banks are prepared to offer a short term construction loan to HPTE, based on CDOT's credit, of \$100 million or more, for TABOR purposes, the amount of the loan must correspond more directly to the expected toll revenue that would be generated for HPTE, and used to finance the debt. Preliminary analysis of the recent T&R Study indicate the revenue that could be used to pay off construction debt is closer to \$50 million, and is not expected to allow repayment of a \$100 million loan in even a high revenue scenario.

Any TIGER application must articulate the project cost, and identify revenue to pay for those costs. For that reason, staff would like to identify consideration of a construction loan of likely no more than \$50 million, with the gap being backed by other funds.

With that in mind, the Transportation Commission has several options.

1. Commit to state funds (i.e. SB 228 or other state funds) of an additional \$50 million.
2. Commit \$30 million (or about two years) of federal funds (i.e. the new federal formula freight funds or other federal funds) and an additional \$20 million of state funds. This may be more palatable for the Commission, but would likely make the application slightly less competitive due to the lower overall state and local match. (Staff Recommendation)
3. Do not pursue the TIGER Grant for North I-25 because the department is unable to commit an additional \$50 million for the project.

### **FASTLANE Update**

Staff presented four potential FASTLANE projects to the Commission in March. Because the department is limited to only three applications, and applications were due April 14, the Commission gave staff the discretion to submit three of the four and report back in April on which projects were chosen.

As of the writing of this memo, we are pleased to report that all four projects are expected to be submitted thanks to La Plata County agreeing to be the primary sponsor for the US 550/160 Connection. CDOT will submit (and likely did on April 14) the US 287 Lamar Reliever Route, and the US 85 Highway/Rail Corridor. The "Multi-State" Truck Parking Information & Management System is no longer a multi-state application, as other states were unable to respond to the grant opportunity in the time allowed. Grant awards are expected to be announced this fall.

**Resolution Number TC-**

Instructing the Department to submit the I-25 North Express Lanes- Phase I Improvements to Segments 8 and 7 project application for consideration under the USDOT TIGER VIII Discretionary Grant program and committing matching funds to support the project.

**WHEREAS**, the Consolidated Appropriations Act, 2016 includes a \$500 million authorization for National Infrastructure Investments, referred to by the U.S. Department of Transportation (USDOT) as TIGER Discretionary Grants; and

**WHEREAS**, a Notice of Funding Availability was issued by the U.S. Department of Transportation (USDOT) on February 23 for the Transportation Investment Generating Economic Recovery Discretionary Grant Program (also known as TIGER VIII); and

**WHEREAS**, applications for the TIGER VIII discretionary grant program are due to the U.S. Secretary of Transportation on April 29, 2016; and

**WHEREAS**, CDOT, in partnership with HPTE, is investigating funding options to undertake the I-25 North Express Lanes – Phase I Improvements to Segments 8 and 7 (the “Project”) to construct, implement and operate one new tolled express lane in each direction between approximately Highway 14 and Highway 402 and other improvements; and

**WHEREAS**, the Commission supports the Project and recognizes the benefits it provides to the State, which include, but are not limited to, improving travel times, managing congestion in the I-25 North Corridor, and providing travelers with a choice of a new travel lane; and

**WHEREAS**, pursuant to Commission Resolution #16-3-16, the Transportation Commission has instructed staff to submit the Project as CDOT’s only TIGER VIII application, with a state match commitment of up to \$80 million; and

**WHEREAS**, the Commission understands as part of the Project, the High Performance Transportation Enterprise (HPTE) will study the financial viability of the Project’s tolled express lane and to pursue negotiations with lenders to obtain up to a \$50 million commercial loan or other financing backed by a pledge of future user fee revenues collected by HPTE from the Project; and

**WHEREAS**, if HPTE is able to obtain financing up to \$50 million for the Project, the Commission will agree to consider making, but is not obligated or bound to make, one or more loans from the state highway fund to satisfy any of HPTE’s payment obligations under any Segments 7 and 8 loan agreements or to fund HPTE’s operations and maintenance expenses for the Project as better defined by an anticipated Project Intra-Agency Agreement, in the event user fee revenues are insufficient, or projected to be insufficient, to satisfy HPTE’s obligations; and

**NOW THEREFORE BE IT RESOLVED**, in order to enhance the strong multi-modal aspects of the North I-25 project, the Commission commits \$5 million in SB 09-228 transit funds for FY 2016 as additional state match to support the transit elements of the project.

**NOW THEREFORE BE IT FURTHER RESOLVED**, in addition to the \$80 million state match already committed, the Commission commits additional funding of \$30 million in federal funds and \$20 million in state funds with the funding sources to be determined and allocated if the TIGER VIII grant application is successful, provided the local governments in the region provide significant local match funds toward the project.

**NOW THEREFORE BE IT FURTHER RESOLVED**, in the event the HPTE is unable to obtain a full \$50 million loan and the grant application is successful, the Commission commits additional state funding to complete the overall funding package for the project.

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Herman Stockinger, Secretary  
Transportation Commission of Colorado

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Date