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Testimony before the Senate Environment and Public Works Committee
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First of all I would like to thank Chairman Barrasso and Ranking Member Carper for the invitation to testify before the Committee today. For those of you who do not know, before coming to Colorado I served as the Cabinet Secretary for the Delaware Department of Transportation, served in the Administration at the Federal Highways Administration (FHWA) and also served as Deputy Director of the Kentucky DOT. My testimony today will be focused on much needed transportation infrastructure investment projects in Colorado.

I want to begin with a story that I used a couple of years ago in testimony before the Senate Finance Committee prior to passage of the FAST Act. I would like to retell this story because it really highlights for those not familiar with Colorado the misperceptions of how and where our aging transportation system no longer works and needs attention.

During my first three days as CDOT's Executive Director, I took a 1,100 mile tour around the state. As those of you who are familiar with Colorado know, Interstate 25 (I-25) is the major north/south artery, tying urban communities together along the Front Range of the Rocky Mountains. It is also an important freight corridor for the United States, running all the way from Canada to Mexico. The first leg of the journey was on I-25 heading north out of metro Denver. Outside Denver we drove through a pretty rural area on the 4-lane interstate (2 lanes in each direction). This section of interstate is not unlike some of my fellow panel member's interstate corridors in their States.

It was a Thursday morning, after rush hour, and we were stuck in traffic. I assumed there was an incident ahead but my Region Engineer informed me that was how the corridor travelled. It reminded me of the Washington D.C.'s beltway traffic, and was a striking demonstration of the need to add capacity. When I asked what the plan was for widening, the response I received was that based on current funding availability, we expect to be able to add one managed toll lane in each direction from Denver to Fort Collins (45 miles) by 2070. Think about that- sixteen year

olds getting their driver's licenses this year would be seventy years old before they would benefit from a capacity increase- and many of them may never get to enjoy the benefit.

Like the rest of the nation, funding for transportation in Colorado is at a crossroads. Our primary sources of funding, the State and Federal gas tax, haven't increased in nearly 25 years, and the recession eliminated General Fund transportation investment by the Colorado Legislature in 2009. So to advance these important improvements to the I-25 corridor, we have cobbled together State, local and private funds along with toll-backed bonds and a \$15 million TIGER grant to construct a 14 mile first phase from Loveland to Ft. Collins. There remains over \$1 billion in unfunded needs in the corridor.

CDOT has an annual budget of approximately \$1.4 billion for highways, bridges, statewide transit and aviation. However, to maintain our infrastructure, keep pace with population growth, improve safety, and promote multimodal options, Colorado should be investing \$1 billion more a year to avoid a steady decline in the condition and performance of our transportation system. To put it in simple terms, we need to nearly double our current amount of funding to meet the transportation needs of the State.

About 70% of CDOT's capital budget (money CDOT uses for maintenance and capacity improvements) comes from the federal government. We rely on those funds. Colorado is a rapidly growing state. Our population is 5.3 million people and is expected to increase by almost 50% by 2040. As mandated by federal regulations, CDOT just adopted our 2040 Statewide Transportation Plan and the results are stunning- CDOT expects to have over that time \$21 billion in revenue and a need of \$46 billion. That leaves an unfunded gap of \$25 billion over the next 25 years. These are numbers that reflect real, quantified need. If we can't fill the gap, CDOT will not have the money to maintain the system in its current condition, and will experience increasing travel times and decreasing traveler convenience with ripple effects on the economic vitality of the state. **Mr. Chairman and Members of this Committee, in Colorado we have an infrastructure investment funding problem and we need your help- not to solve our problem for us, but to partner with Colorado to address these critical needs.**

As part of my testimony before the Committee today, I have included a copy of our 10 Year Development Plan. This list includes over \$10 billion of priority projects CDOT could invest in across the State if funding becomes available.

Our priority in Colorado has been to build a strong asset management program. The analogy I often use when traveling around the State to talk to taxpayers is while I would love to build a new garage onto my house, the roof is leaking and we must take care of what we have first. We use our asset management program to make the very best use of our limited resources in an effort to keep that roof from leaking even more. At CDOT, we have become highly selective where we are able to add additional capacity out a necessity because we struggle just to maintain the current system.

Mr. Chairman, these challenges have by necessity led CDOT to enter into an innovative era of how we meet the transportation needs of our state. In the past, we primarily built more highway lanes to meet capacity needs. Now, we increase choice in travel, promote walking and biking, work to increase mobility through the use of operational improvements, and use pricing on new express lanes to manage travel reliability and growth. We are laser focused on squeezing the most out of the dollars we have. The department has many successful "LEAN" process improvements that have allowed us to stretch our dollars and become a better, more efficient, customer-focused agency.

Our use of partnerships has changed as well. In the past we delivered a project through the federal and state gas tax and we would design, bid and then build the project. Today our toolbox also includes working with the private sector on a wider variety of project delivery options, such as Design Build or Construction Manager General Contractor (CMGC). Of course, these and other project delivery options are only available if you have the funds to deliver the project.

Another example is Colorado's major east/west corridor, Interstate 70. In Denver, I-70 includes a viaduct that is over one mile long and is in critical need of replacement. It was constructed in 1964 as a four-lane bridge and today carries more than 115,000 vehicles per day. Several tension rods that were installed about 15 years ago to stop additional cracking in the viaduct have broken. The bridge remains safe for travel, but we are increasing our inspection frequency and developing repair

plans should further components deteriorate. I am happy to announce that after many years of planning, FHWA just signed the Record of Decision (ROD) for this project. This decision allows CDOT to move forward with permanent improvements for this corridor, including replacing the viaduct with a lowered freeway segment and widening a total of 8 miles with a tolled express lane in each direction to add desperately needed capacity. We will be delivering this project through a Design-Finance-Build-Operate-Maintain public-private partnership. However, like the I-25 North project highlighted above, CDOT does not have all the funding necessary to make all the necessary improvements to the corridor. We were forced to break the project into multiple phases, the first of which is over \$1 billion. Had CDOT had the necessary funding, we would build the entire corridor, which has a price tag of over \$2 billion.

On a different section of I-70 west of Denver we converted the shoulder for 13 miles eastbound, which carries traffic into Denver from the mountains and links two large economic centers of Colorado. While we could not afford new permanent lanes, travelers now have the option to use the shoulder lane for a toll. CDOT is financing the project in part with the expected toll revenue from the corridor, but without any private sector or federal financing assistance. While these improvements in the I-70 mountain corridor are making a difference, they are temporary improvements until we identify additional revenues to construct the improvements identified in the NEPA corridor document that cost several billion dollars in just highway improvements alone.

Colorado Highway 470 (C-470) is another managed lane example where we will be building an express toll lane in each direction in a rapidly growing part of the Denver metropolitan area. We have determined that a P3 would not be the best option for the state on that \$200 million project, but we will secure a federal TIFIA loan and utilize toll revenue to cover about half the construction costs of the project. We have been forced to finance this project because funding was not available to pay for the needed improvements up front.

Mr. Chairman and Members of the Committee, in conclusion it is important that we communicate very clearly. CDOT has many financing tools available to build projects. What we no longer have is the funding necessary to finance infrastructure projects where tolls aren't viable without sacrificing the maintenance conditions of our existing infrastructure. Our funding crisis only increases the importance of

engaging the public, stakeholders, local governments and Congress more into a broader conversation regarding the needs of the transportation system. Colorado certainly needs to step up and do our part, and we are, but our transportation system has significant federal interests, including interstate commerce and quality of life of all citizens, and we need to continue to have a strong federal partner in transportation.

The bottom line and the most important thing I want to leave you with today is that similar to Colorado's proposed bonding bills, Congress can't fix a funding problem through financing. I cannot emphasize enough that critical point: financing mechanisms cannot correct what is essentially a funding problem due to insufficient investment. We in Colorado would love to bond and accelerate our most important projects, but we need a revenue stream to pay for it, so I want to emphasize to each of you that while the FAST Act provided a stable, longer-term federal funding stream, it did not significantly increase funding to allow Colorado and many other States to meet our critical funding needs. I believe it is crucial we address these infrastructure improvements not only in Colorado but nationally. As Colorado's Senator Bennet has repeatedly said back in Colorado while touring CDOT infrastructure projects- we should have the courtesy to maintain the infrastructure our parents and grandparents provided for us so that our children and grandchildren can enjoy the same quality of life that was given to us. In that spirit, I implore you to find a way to secure a significant infrastructure investment bill that will allow us to invest in long-term infrastructure projects across Colorado that will help connect economic centers and markets.

I appreciate the Committee's time and attention to the important topic of transportation funding and financing, and I am happy to answer any questions you may have.