

COLORADO HIGH PERFORMANCE TRANSPORTATION ENTERPRISE

1ST ANNUAL REPORT TO LEGISLATURE

JANUARY 15, 2010

1.0 OVERVIEW

On March 2, 2009, Governor Bill Ritter signed into law S.B. 09-108, Funding Enhancement for Surface Transportation and Economic Recovery, otherwise known as FASTER. The legislation was the first new dedicated and sustainable funding source for transportation in twenty years. FASTER created the High Performance Transportation Enterprise (HPTE). The HPTE replaced the Colorado Tolling Enterprise (CTE) that had been established in 2002 when the Colorado General Assembly passed HB 02-1310

The new law provided for many of the same components of the previous law in that as a government owned business, the Enterprise may issue revenue bonds to accelerate construction of projects, may enter in to public private partnerships, and is not limited to any one corridor or roadway within the state. The new statute eliminated the previous prohibition for tolling existing capacity provided that all of the affected communities are in agreement. Furthermore, the new law changed the composition of the Enterprise Board of Directors to include a mix of Transportation Commissioners and external stakeholders in order to make it more independent of CDOT and enable it to more actively pursue public private partnerships and other creative financing mechanisms.

FASTER requires that the Enterprise issue a report of its activities to the legislature by February 15, 2010, and further requires that the report be posted on CDOT's website by January 15, 2010. This report fulfills that requirement. Since all of the obligations of the CTE were assigned to the HPTE, this report also addresses the activities of the CTE within Fiscal Year 2009 prior to March 2, 2009 when FASTER was signed in to law.

2.0 SUMMARY OF ACTIVITIES

2.1 CTE ACTIVITIES

2.1.1 CTE Board

Activities for the Colorado Tolling Enterprise (CTE) had been reported previously on a fiscal year basis. In FY '09, the CTE existed from July 1, 2008 until March 2,

2009. The activities for the remainder of the fiscal year extending to June 30, 2009, were assumed by the HPTE. However, the new Board of the HPTE was not appointed until after the end of the fiscal year so the CTE staff continued to operate (more specifically and especially for the I-25 Express Lanes) as they had for the previous seven years, absent a board.

For the period from July 1, 2008 until March 2, 2009, the CTE Board was comprised of the members of the Transportation Commission of CDOT

On September 17, 2008 the CTE Board meeting was held in Grand Junction, Co, and annual elections were held for the CTE Board of Directors. Director Greg McKnight was selected as Chair, replacing outgoing Chair Steve Parker and Director Henry Sobanet was selected as Vice Chair replacing outgoing Vice-Chair Greg McKnight. Stacey Stegman was selected to continue as Board Secretary and Peggy Catlin continued as the Acting Director. Additional Board members for FY 2008 included:

| | | |
|------------------------|------------|---|
| Henry Sobanet | District 1 | <i>(Denver County)</i> |
| Jeanne Erickson | District 2 | <i>(Jefferson County)</i> |
| Greg McKnight | District 3 | <i>(Arapahoe and Douglas Counties)</i> |
| Heather Barry | District 4 | <i>(Broomfield, Boulder and Adams Counties)</i> |
| Bill Kaufman | District 5 | <i>(Broomfield, Larimer, Morgan and Weld Counties)</i> |
| George Krawzoff | District 6 | <i>(Clear Creek, Gilpin, Grand, Jackson, Moffat, Routt, and Rio Blanco Counties)</i> |
| Doug Aden | District 7 | <i>(Chaffee, Delta, Eagle, Garfield, Gunnison, Lake, Mesa, Montrose, Ouray, Pitkin, and Summit, Counties)</i> |
| Steve Parker | District 8 | <i>(Alamosa, Archuleta, Conejos, Costilla, Delores, Hinsdale, La Plata, Mineral, Montezuma, Rio Grande, San Miguel and San Juan Counties)</i> |

| | | |
|----------------------|-------------|---|
| Les Gruen | District 9 | <i>(El Paso, Fremont, Park and Teller Counties)</i> |
| George Tempel | District 10 | <i>(Baca, Bent, Crowley, Custer, Huerfano, Kiowa, Las Animas, Otero, Powers, and Pueblo Counties)</i> |
| Kimbra Killin | District 11 | <i>(Cheyenne, Elbert, Kit Carson, Lincoln, Logan, Phillips, Sedgwick, Washington and Yuma Counties)</i> |

2.1.2 Colorado Tolling Enterprise Staff

The CTE staff consisted of Acting Director Peggy Catlin and Harry Morrow providing legal support from the Office of the Attorney General. Marina Krasny, an accountant III is the CTE’s only full time employee and has the responsibility for all accounting and budget functions as well as tracking contracts with vendors and consultants. Additional support staff is provided from CDOT with time billed to the CTE cost center. Work is outsourced to consultants and vendors with expertise in tolling, including, but not limited to: planners, public relations, engineers, maintenance specialists, financial advisors, and legal support. All expenditures are tracked independently from CDOT expenses to maintain a clear separation of the two organizations. An Independent Auditor’s Report on applying agreed-upon procedures is conducted annually by CDOT’s Division of Audit.

2.1.3 Meeting Dates and Adopted Resolutions

The 2009 fiscal year for the Colorado Tolling Enterprise operated from July 1, 2008 through June 30, 2009. However, the CTE ceased to exist on March 2, 2009. During this 8-month period, the Tolling Enterprise Board of Directors met six times for regular meetings and conducted two workshops and adopted and/or approved the Resolutions listed below.

| FY 2009 Meeting Dates | |
|------------------------------|-----------------|
| July 16, 2008 | Regular Meeting |
| August 20, 2008 | Workshop |
| September 17, 2008 | Regular Meeting |
| October 16, 2008 | Regular Meeting |
| October 16, 2008 | Workshop |
| November 20, 2008 | Regular Meeting |
| December 18, 2008 | Regular Meeting |
| January 2009 | No Meeting Held |
| February 19, 2009 | Regular Meeting |

During FY 2008, CTE Board of Directors adopted and/or approved the following resolutions.

| Resolution No. | Resolution Description | Date Adopted |
|-----------------------|---|---------------------|
| CTE-78 | Approve the June 19, 2008 Meeting Minutes | July 16, 2008 |
| CTE-79 | Approve the Toll Evasion and Administrative Adjudication Rules | July 16, 2008 |
| CTE-80 | Approve the July 16, 2008 Meeting Minutes | September 17, 2008 |
| CTE-81 | Approve the spending of the fund balance available on June 30, 2008 for the Statewide Tolling Enterprise Operating Fund | September 17, 2008 |
| CTE-82 | Approve the September 17, 2008 Meeting Minutes | October 16, 2008 |
| CTE-83 | Approve the October 16, 2008 | November 20, |

| | | |
|--------|--|-------------------|
| | Meeting Minutes | 2008 |
| CTE-84 | Approve Revised CTE FY 08/09 Budget | November 20, 2008 |
| CTE-85 | Raising the I-25 Express Lanes toll rate equal to RTD express bus fares of \$3.50 in the peak period | November 20, 2008 |
| CTE-86 | Approve the November 20, 2008 Meeting Minutes | December 18, 2008 |
| CTE-87 | Approve the December 18, 2008 Meeting Minutes | February 19, 2009 |

The activities of the CTE for FY 2009 are listed below:

- Completed a User's survey of customers on the I-25 Express Lanes
- Operated I-25 HOV/tolled Express Lanes (continuing)
- Added a license plate tolling option on the I-25 Express Lanes to be consistent with E-470 modified business rules for cashless tolling
- Implemented permitting for allowing hybrid vehicles free access to the Express lanes
 - Changed back-office software
 - Developed tracking reports
- Changed violation processing from District Court to Administrative Adjudication rules
- Coordinated with candidate corridors through the environmental processes where tolled lanes are one of the alternatives considered

2.2 HPTE ACTIVITIES

2.2.1 HPTE Board

The first meeting of the High Performance Transportation Enterprise (HPTE) Board took place on October 13, 2009. It was preceded by a conference call of new appointees on September 23, 2009 to discuss the history of the FASTER legislation, the creation of the

HPTE, and next steps.

The HPTE Board consists of three members of the Transportation Commission and four external members who are appointed by the Governor from each of the following geographic areas: The Denver Metropolitan area, the North Front Range MPO area, the Pikes Peak Council of Governments MPO area, and the I-70 Mountain Corridor area. Board members are listed below:

| | |
|---------------------------|---|
| Michael Cheroutes | Transportation Commissioner, District 1 |
| Heather Barry | Transportation Commissioner, District 4 |
| Doug Aden | Transportation Commissioner, District 7 |
| Charlotte Robinson | Denver Metropolitan area |
| Stan Matsunaka | North Front Range MPO area |
| Dan Cleveland | Pikes Peak MPO area |
| Tim Gagen | I-70 Mountain Corridor area |

The Board met two additional times in 2009. At its November 17 meeting, the HPTE elected officers, adopted bylaws and articles of incorporation, adopted a budget for FY 2010 and adopted a ratification resolution approving activities and expenditures for the period from March 2, 2009 until the present. Elected as officers were Mike Cheroutes, Chair and Charlotte Robinson, Vice Chair. Also selected was Marina Krasny as Board Secretary.

On December 15, the Board was presented with an overview of all of the contracts and agreements for which it had assumed responsibility from the CTE. It also discussed short term and long term strategies for hiring a full-time Executive Director for the Enterprise and agreed to pursue hiring a consultant for an interim period to lead the organization.

3.0 FINANCIAL STATUS

The revenues that the CTE/HPTE receives currently are primarily from the I-25 Express Toll lanes. Other nominal revenues that the Enterprise receives are from interest earnings on the loan that was granted from the Transportation Commission to the CTE for its initial startup costs. These loan proceeds continue to be drawn upon for general operations of the CTE that do not involve the operations of the I-25 Express Lanes. Revenues and expenditures for the I-25 Express Lanes are accounted for separately per the Intergovernmental agreement with the Regional Transportation District (RTD), the regions transit provider. Revenues generated from the I-25 Express Lanes may not be used for purposes other than the operation and improvements of that facility.

3.1 REVENUES

For FY 2009, total CTE/HPTE revenues collected were \$2.54 million.

3.2 EXPENSES

Total CTE expenditures for FY 2009 were approximately \$1.56 million. They are broken down as follows.

3.2.1 I-25 HOV/Express Lanes Expenses FY 2009

| | |
|--|-----------|
| Operation Support - Back Office, Maintenance Tech. | \$376,604 |
| Research, Advertising, and Reproduction Costs | \$ 28,390 |
| CSP - Enforcement | \$ 57,419 |
| Contracted Maintenance | \$419,151 |
| CDOT/CTE Administrative Staff Costs | \$ 40,012 |
| Region 6 Maintenance Costs | \$232,221 |

| | |
|---|--------------------|
| Transfer to Transportation Commission – repayment | \$301,822 |
| Total Expenditures | \$1,455,619 |

3.2.2 General CTE Expenses FY 2009

| | |
|---|-------------------|
| Consultants | \$ 15,013 |
| Research, Advertising, and Reproduction Costs | \$ 0 |
| Public Relations | \$ 3,731 |
| IBTTA Membership, Meetings, Travel, and Misc. | \$ 5,252 |
| CDOT/CTE Administrative Staff Costs | \$ 79,286 |
| Transfer to Transportation Commission - Unused Start Up Funds | \$ 0 |
| Total Expenditures | \$ 103,282 |

Membership dues are for industry associations that staff and CTE/HPTE Board members may utilize as a source to research best practices in tolling. The other Public Highway Authorities in Colorado, E-470 and Northwest Parkway, are also members of the International Bridge Tunnel and Turnpike Association, (IBTTA).

4.0 STATUS OF TRANSPORTATION INFRASTRUCTURE PROJECTS

4.1 COMPLETED PROJECTS

In June 2006, Colorado opened its new HOV/tolled *Express Lanes* in Denver, marking the first time solo drivers could legally access existing HOV lanes by paying a toll. The I-25 *Express Lanes*, also known as HOT lanes, extend along a seven-mile section of Interstate 25 between downtown Denver and U.S. highway 36. Carpools, buses, hybrid vehicles with permits, and motorcycles continue to use the lanes toll-free.

4.2 POTENTIAL PROJECTS

CDOT has continued work on a number of environmental studies that include toll lanes or toll roads as alternatives to be considered as well as public private partnership strategies as a potential way to fund them. These include:

- US 36
- I-70 East
- C-470
- I-70 West
- I-25 North

5.0 TOLL RATES AND INTEROPERABILITY

5.1 I-25 EXPRESS LANE TOLL RATES

The only toll rates that have been established are those associated with the I-25 HOV/*Express Lanes*. The rates vary based on time of day in order to manage congestion and ensure no degradation of transit service and car pools. As such, it was agreed by RTD and the CTE that tolls imposed during the peak period would be no less than comparable express bus service in the corridor. The toll rate structure changed this Fiscal year with a planned fare increase by RTD. .

In addition, if congestion levels increase, or if RTD increases its express bus fare along that route again, then the HPTE will raise the tolls during the peak period.

I-25 Express Lanes Toll Rate Schedule

| AM | | PM | |
|--------------|--------|--------------|--------|
| 5:00 – 6:00 | \$0.50 | Noon - 3:00 | \$0.50 |
| 6:00 - 6:45 | \$1.75 | 3:00 - 3:30 | \$1.50 |
| 6:45 - 7:15 | \$2.75 | 3:30 - 4:30 | \$2.00 |
| 7:15 - 8:15 | \$3.50 | 4:30 - 6:00 | \$3.50 |
| 8:15 - 8:45 | \$2.75 | 6:00 - 7:00 | \$1.50 |
| 8:45 - 10:00 | \$1.25 | 7:00 - 3:00a | \$0.50 |

5.2 INTEROPERABILITY

Interoperability refers to the ability of a toll collection system to use the parts, equipment, and user support services of other systems. Due to the various toll facilities that now exist or will exist in the state, it is essential that this technology be available and consistent for all drivers that may use the toll facilities.

The CTE contracted with E-470 Public Highway Authority to perform all of its back office operations. E-470 has an ongoing contract to provide toll collection and violation processing services. That way, if a customer travels on E-470 or the I-25 *Express Lanes*, using an EXpressToll[®] Transponder or through License Plate tolling, he or she will only receive one monthly statement.

CTE also contracted with E-470 for Violation Enforcement support. E-470 had changed its rules for Administrative Adjudication of violations. CTE adopted these rules pursuant to SB08-14 and began processing violations in a consistent manner in FY 2009. These rules are adopted by the HPTE pursuant to the ratification resolution it passed in November 2009.

6.0 RECOMMENDED STATUTORY CHANGES

No statutory changes are requested by HPTE at this time