

COLORADO STATEWIDE TOLLING ENTERPRISE ANNUAL REPORT

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Prepared for:

The Senate Transportation Committee
And
The Transportation and Energy Committee of the House of Representatives

By:

The Colorado Tolling Enterprise Board
Of
The Colorado Department of Transportation



CONTENTS

1.0	Enterprise Overview	3
2.0	Fiscal Year 2008 Activities	
2.1	Colorado Tolling Enterprise Board Membership	4
2.2	Colorado Tolling Enterprise Staff	5
2.3	Meeting Dates and Adopted Resolutions	5
3.0	Financial Status	
3.1	Revenues	7
3.2	Expenses	7
4.0	Toll Projects	
5.1	<i>I-25 Express Lanes</i>	8
5.2	Potential Toll Corridors	10
5.0	Toll Rates and Interoperability	
5.1	Toll Rates	11
5.2	Interoperability	11
6.0	Recommended Statutory Changes	12

1.0- ENTERPRISE OVERVIEW

The Colorado Tolling Enterprise (CTE) was established as a government-owned, non-profit business operating within, and as a division of the Colorado Department of Transportation (CDOT). The CTE was authorized by House Bill 02-1310 and created by the Transportation Commission, Department of Transportation, State of Colorado, pursuant to Section 43-4-803(1), C.R.S., by a resolution adopted on August 15, 2002. The Board of Directors of the CTE is the Transportation Commissioners, but the CTE Board has a different Chair and Vice Chair than the Transportation Commission.

MISSION STATEMENT: To enhance mobility in Colorado by increasing capacity through the creative development of a statewide system of toll facilities.

VISION STATEMENT: To enhance the quality of life and the environment of the citizens of Colorado by creating a tolling system to further move people and goods. In 2003 and again in 2005, the Board of the CTE received loans from the Transportation Commission to fund start-up costs in connection with the formation and operation of the CTE. The loans were used for conducting a Statewide Tolling System Traffic and Revenue Feasibility Analysis and for implementing the I-25 conversion of High Occupancy Vehicle (HOV) lanes to High Occupancy Toll (HOT) lanes.

Although the loans for general CTE activities are not required to be repaid until such time as the CTE issues revenue bonds for a toll project and can repay them, the CTE Board returned \$2.5 million of the borrowed money back to the Transportation Commission. These funds had originally been programmed for development of design/build documents for C-470 tolled Express Lanes, but those activities were suspended. If the project is eventually amended into the fiscally constrained Denver Regional Council of Governments (DRCOG) long range plan, then the CTE board will seek a loan to proceed with project implementation. In the mean time, the Board felt that CDOT could make better use of those funds.

The dollars loaned for the I-25 implementation project are being repaid using toll proceeds after operations and maintenance obligations are met. In Fiscal Year (FY) 2008, \$930,000 was repaid to the Transportation Commission.

The CTE is unique in that it is not limited to any one corridor or roadway, but rather, can finance and build toll facilities anywhere within Colorado, in any corridor. This authority is limited to new capacity only with the exception of the I-25 HOV to HOT lane conversion. This flexibility allows the CTE to build toll facilities where they are most needed and can be financed and operated efficient. House Bill 05-1148 further clarified the relationship of toll projects to regional transportation planning processes and stated under what conditions revenues from toll facilities could be used toward a system.

2.0- FISCAL YEAR 2007 ACTIVITIES

2.1- Colorado Tolling Enterprise Board Membership

On September 20, 2007, annual elections were held for the CTE Board of Directors. Director Steve Parker was selected as Chair and Director Greg McKnight as Vice Chair. 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, Dolores, 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>
Peggy Catlin	Colorado Tolling Enterprise Acting Director	
Stacey Stegman	Colorado Tolling Enterprise Secretary	

* Indicates a portion of a county.

2.2- Colorado Tolling Enterprise Staff

The CTE staff consists of Acting Director Peggy Catlin and Harry Morrow providing legal support from the Office of the Attorney General. In April 2008, the CTE hired its first full-time employee. Marina Krasney, an accountant III, 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.

2.3- Meeting Dates and Adopted Resolutions

The 2008 fiscal year for the Colorado Tolling Enterprise operated from July 1, 2007 through June 30, 2008. During this 12-month period, the Tolling Enterprise Board of Directors met 10 times for regular meetings and held no special meetings, (a minimum of eight meetings are required annually), and adopted and/or approved the Resolutions listed on below.

FY 2008 Meeting Dates	
July 19, 2007	Regular Meeting
August 16, 2007	Regular Meeting
September 20, 2007	Regular Meeting
October 18, 2007	Regular Meeting
November 2007	No Meeting Held
December 20, 2007	Regular Meeting
January 17, 2008	Regular Meeting
February 21, 2008	Regular Meeting
March 20, 2008	Regular Meeting
April 17, 2008	Regular Meeting
May 2008	No Meeting Held
June 19, 2008	Regular Meeting

2.3- Meeting Dates and Adopted Resolutions

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

Resolution No.	Resolution Description	Date Adopted
CTE-65	Approve the June 21, 2007 Meeting Minutes	July 19, 2007
CTE-66	Approve the Fiscal Year 2008 CTE Budget	July 19, 2007
CTE-67	Approve the July 17, 2007 Meeting Minutes	August 21, 2007
CTE-68	Approve the August 21, 2007 Meeting Minutes	September 20, 2007
CTE-69	Approve the September 20, 2007 Meeting Minutes	October 18, 2007
CTE-70	Approve the October 18, 2007 Meeting Minutes	December 20, 2007
CTE-71	Approve the December 20, 2007 Meeting Minutes	January 17, 2008
CTE-72	Approve rules regarding Hybrids in HOV Lanes	January 17, 2008
CTE-73	Approve the January 17, 2008 Meeting Minutes	February 21, 2008
CTE-74	Approve the February 21, 2008 Meeting Minutes	March 20, 2008
CTE-75	Approve the March 20, 2008 Meeting Minutes	April 17, 2008
CTE-76	Approve the CTE FY 08/09 Budget	April 17, 2008
CTE-77	Approve the April 17, 2008 Meeting Minutes	June 19, 2008

The activities of the CTE for FY 2008 are listed below:

- Implemented recommendations from the Independent Auditor's Report from FY 2007
 - Hired business/accountant employee
 - Consolidated duties previously conducted by various CDOT units to new employee
 - Reviewed IGA's and contracts for consistency
- Operated I-25 HOV/tolled Express Lanes (continuing)
- Implemented rule-making for allowing hybrid vehicles free access to the lanes
 - Developed application process for hybrid permits
 - Developed metrics and performance measurement technology for hybrid use
- Coordinated with candidate corridors through the environmental processes where tolled lanes are one of the alternatives considered

3.0- FINANCIAL STATUS

The CTE collected its first revenues from tolls on the I-25 HOV/tolled *Express Lanes* in FY 2006. The *Express Lanes* opened to solo drivers who choose to pay a toll (in addition to buses and carpools that were already permitted to use the lanes) on June 2, 2006.

3.1- Revenues

For FY 2008, total CTE revenues collected were \$3.05 million.

3.1- Expenses

Total CTE expenditures for FY 2008, including a \$3.43 million transfer back to the Transportation Commission, were approximately \$4.73 million. They are broken down as follows.

3.2.1- I-25 HOV/Express Lanes Expenses FY 2008

Operation Support - Back Office, Maintenance Tech.	\$441,238
Research, Advertising, and Reproduction Costs	\$6,235
CSP - Enforcement	\$43,624
Contracted Maintenance	\$440,935
CDOT/CTE Administrative Staff Costs	\$69,661
Region 6 Maintenance Costs	\$260,994
Transfer to Transportation Commission - Start Up Costs	
Repayment	\$930,000
Total	\$2,192,687

3.2.2- General CTE Expenses FY 2008

Consultants	\$1,571
Research, Advertising, and Reproduction Costs	\$0
Public Relations	\$4,813
IBTTA Membership, Meetings, Travel, and Misc.	\$1,940
CDOT/CTE Administrative Staff Costs	\$25,974
Transfer to Transportation Commission - Unused Start Up	
Funds	\$2,500,000
Total	\$2,534,298

Membership dues are for industry associations that staff and CTE 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- TOLL PROJECTS

4.1- I-25 Express Lanes

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, and motorcycles continue to use the lanes toll-free.

The I-25 HOV lanes, which originally opened in 1994, were very successful carrying more people per lane, per hour, than the adjacent general purpose lanes. But because they did so with buses and carpool vehicles, the lanes had a significant amount of unused capacity. In the peak hour, the general purpose lanes carried an estimated 1,870 people per hour, as compared to 2,050 in the HOV lanes.

In 1999, Legislation passed allowing CDOT to convert an existing I-25 HOV lane to a HOT lane. In 2000, the *Express Lanes* Feasibility Study was completed to determine how to best to convert the I-25 HOV lane facility.

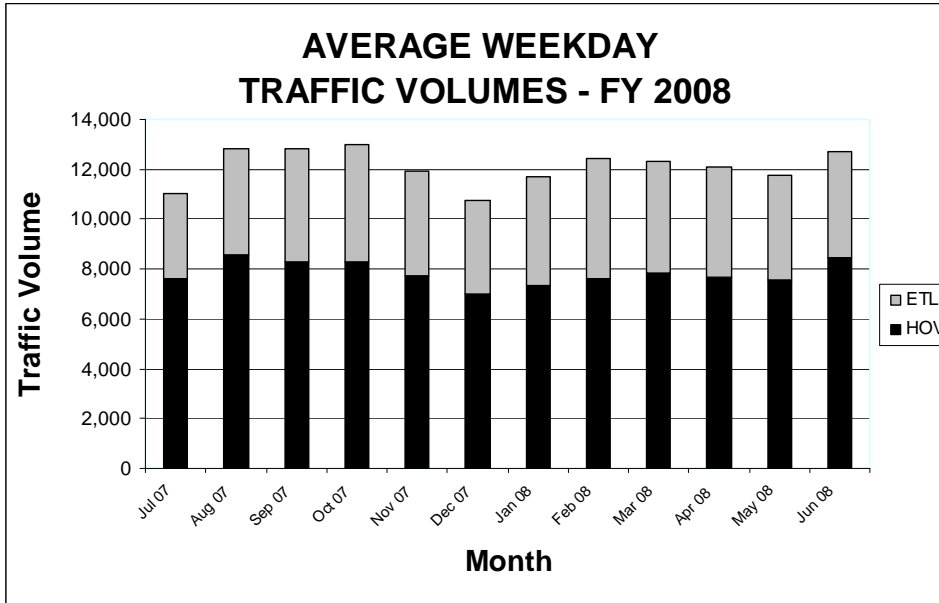
The purpose of the I-25 *Express Lanes* is to maximize the highway by allowing solo drivers access to the lanes while not impacting carpools and buses. In order to ensure the lanes don't become congested, the number of solo drivers in the lanes is managed by adjusting the toll rate at various times of the day. In the peak hour, the toll is higher than at other times of day.

It's important to note that the goal of this project was not to generate revenue, but rather, to break even by covering maintenance and operation expenses and eventually repaying the Transportation Commission loan that constructed the improvements to open the lanes. As was the case in 2007, toll revenues in 2008 exceeded the costs of operations, snow removal, and maintenance.

The traffic on the I-25 HOV/*Express Lanes* averaged approximately 11,000-12,500 vehicles per weekday, representing over 15% of the total person trips along that stretch of I-25 and these vehicles travel at full highway speeds, as compared to peak hour traffic operating at a much lower level of service.

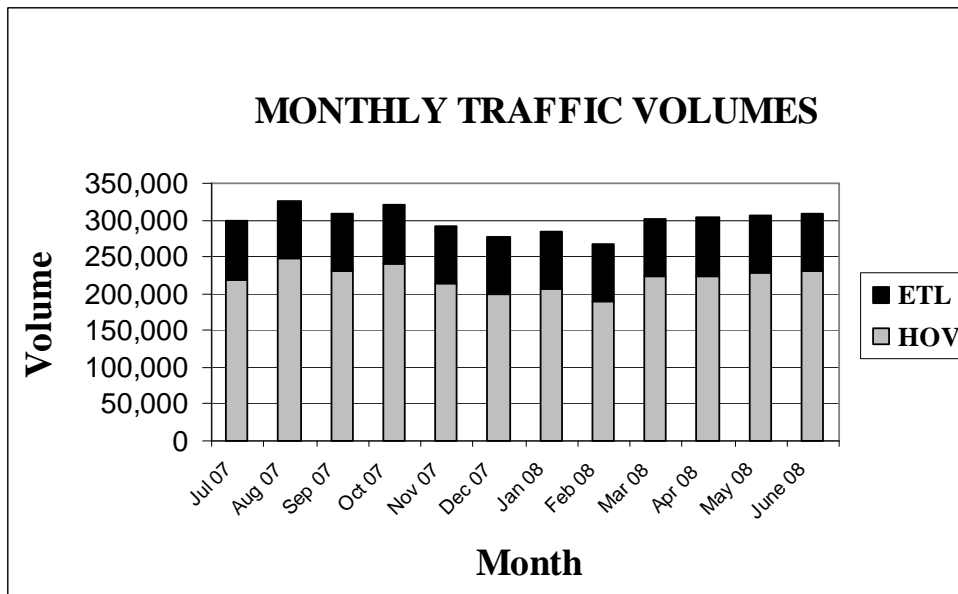
Average Weekday Traffic Volumes- FY 2008

Average weekday volumes by month are shown below:



Monthly Traffic Volumes- FY 2008

After experiencing approximately 24% traffic volume growth from July 2006 through June 2007, traffic volumes stabilized in 2008 and remained fairly consistent as compared to traffic volumes for the same month in the previous year.



4.2- Potential Toll Corridors

CDOT has continued work on a number of environmental studies that include toll lanes or toll roads as alternatives to be considered. These include:

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

CDOT chose to suspend efforts to fully complete the Final Environmental Impact Statement, (FEIS), and Record of Decision (ROD), on the Northwest Corridor Study. There was not consensus among the local communities with respect to a preferred alternative and CDOT did not believe that there would be a reasonable expectation of future funding in order to adopt a project into a fiscally constrained plan or obtain a signed FEIS.

The Colorado Springs Toll Road is being proposed by a private developer. CDOT and the CTE agreed that it would proceed with its Public Private Partnership (3P) process if they took the necessary steps to get the proposed project adopted into the Pikes Peak Area Council of Government's (PPACG), fiscally constrained long-range transportation plan following the process agreed to by the Ad Hoc Committee on Tolling. The developer is working with the City of Colorado Springs and El Paso County, as well as the PPACG, to move that process forward.

5.0- TOLL RATES AND INTEROPERABILITY

5.1- I-25 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 under which the facility opened in June 2006 is shown on the following table.

These rates have not changed since opening, but if congestion levels increase, or if RTD increases its express bus fare along that route, then the CTE will raise the tolls during the peak period.

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	\$3.25	4:30 - 6:00	\$3.25
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, he or she will only receive one monthly statement.

CTE also contracted with E-470 for Violation Enforcement support. This had involved preparing court packages and testifying in Adams County Court. The Colorado General Assembly had passed legislation to allow E-470 to conduct violation processing through an Administrative Law Court which takes jurisdiction of toll evasion cases out of the hands of a city or county court and utilizes an administrative process instead, but the CTE was not a part of that legislation. It was requested by the judicial system that CDOT and CTE pursue a change in statute to allow them to use the same administrative court proceedings.

SB08-14, sponsored by Senator Williams and Representative Marostica, was passed by the Colorado General Assembly in FY 2008 and the CTE began activities to move to this process beginning in FY 2009.

6.0- RECOMMENDED STATUTORY CHANGES

No statutory changes are requested by CTE, itself, at this time. However, Governor Ritter's Transportation Finance and Implementation Panel continued to meet in 2008 and did discuss tolling as one of several transportation strategies. The CTE supports those efforts and potential legislation pertaining to tolling that may result from their efforts.